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NEWS SUMMARY

GENERAL

Funeral sparks Derry unrest

In Londonderry there was rioting for the ninth day running following the funeral of two teenagers killed when a British army Landrover drove into them.

H-block Committee members asked the Papal Nuncio in Dublin to convey the concern of the people of Northern Ireland to the Pope. **Page 8**

Dolours Price, one of two sisters jailed in 1973 for IRA bomb attacks, will be released on medical grounds. Her sister Marian was freed for the same reason last year.

Civil service talks

Lord Soames will meet civil service unions for talks on their pay dispute after seven weeks of industrial action. **Back Page**

Bank disruption

Midland Bank's cheque clearing was halted and NatWest's disrupted in 24-hour strike action over pay. **Back Page**

UAE buys Hawks

The UAE will buy British Aerospace's Hawk trainer aircraft following discussions between Mrs. Thatcher and Abu Dhabi defence chiefs. **Back Page**

Schmidt option

Chancellor Helmut Schmidt is determined not to give up the option of West German arms sales to Saudi Arabia despite opposition at home and from Israel. **Back Page**

Namibia walkout

African delegates walked out when the South African delegate spoke in the UN Security Council debate on Namibia.

Pickets jailed

Eleven Talbot Motor employees in Dublin were jailed indefinitely after defying an injunction banning picketing.

DIY pilot killed

A pilot was killed in a mid-air collision over Kempston, Bedford. His home-built plane crashed onto a home for the mentally handicapped.

Blaze death

One man died and 11 were injured in a fire at an Eastbourne hostel for the homeless.

£15,000 haul

Three armed raiders grabbed £15,000 wages carried by a South London station assistant manager.

Art theft

Paintings worth £100,000 thought to have been taken off display for cleaning had been stolen from Kings College, Cambridge before Easter.

Riot probe chief

Anti-terorist squad chief commander Mike Richards will head investigations into alleged crimes during the Brixton riots.

Alarming cost

False alarm calls cost the police service at least £34m a year or £50 a call, Northumbria's Chief Constable Stanley Bailey said. **Page 8**

Beatle Rd plan

A building company wants to name streets in a new Liverpool housing estate after the Beatles.

Briefly . . .

Prince Charles was given a piece of South Pole rock after opening Australia's antarctic research headquarters.

Cuba reaffirmed its refusal to ratify a 1967 treaty banning nuclear arms from Latin America.

BUSINESS

Sterling up 3c; Gold $16 higher

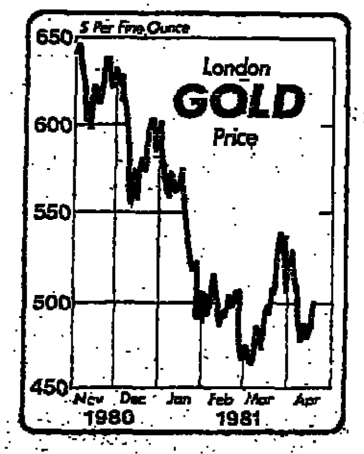
● **EQUITIES** soared on hopes that the worst of the recession was over. The FT 30-Share Index advanced 18.2 to a record 584.3. **Page 36**

● **GILTS** improved, though overshadowed. The Government Securities Index firmed 0.16 to 69.60. **Page 36**

● **STERLING** rose 3.05 cents to $2.189. It was firmer against other currencies too, closing at Y475 (Y471.5), DM 4.735 (DM 4.72) and FFr 11.2075 (FFr 11.155). Its trade-weighted index was 99.7 (99.2). **Page 29**

● **DOLLAR** weakened to Y216.9 (Y218.4), DM 2.1615 (DM 2.185) and SwFr 1.97 (SwFr 1.993) in thin trading. Its tradeweighted index fell to 102.5 from 103.0. **Page 29**

● **GOLD** rose $16 in London to $500.5 in thin trading. **Page 29**



● **WALL STREET** was 2.35 higher at 1,008.29 before the close. **Page 34**

● **CITIBANK** of New York will launch a sterling travellers' cheque in partnership with the Co-operative Bank of the UK. More retail banking links may follow. **Back Page**

● **AMBULANCE** workers in Nupe, the biggest union in the service, rejected a 6 per cent pay offer, raising the prospect of the first national industrial action since 1979. **Page 10**

● **IRAN** plans to double oil exports to an average 2.5m b/d next year, Iranian MPs were told. **Page 3**

● **HONG KONG** textile makers reacted angrily to EEC complaints about "fraudulent" exports from countries trying to evade agreed quotas. **Page 6**

● **SPENDING** in shops has held up better than expected since the Budget last month, a survey of retailers showed. **Page 7**

● **DUTCH** workers' hours and wages should be cut to allow fairer distribution of work and more profitability, the country's Social Economic Council said.

● **SWITZERLAND** will have an inflation rate of 7-10 per cent by the end of the year, economists predicted.

COMPANIES

● **APPLE COMPUTER**, U.S. home computer maker, reported trebled earnings of $16.6m (£7.6m) for the first six months of its fiscal year, with sales up from $43.1m to $146.4m.

● **S. AND W. BERISFORD**, the commodity trading group, has renewed its bid for the British Sugar Corporation after the Monopolies Commission's reluctant approval. **Back Page**

● **DELTA GROUP** reported pre-tax profits for the year to January 3 down 36 per cent, from £30.43m to £19.59m, attributing the fall to the recession and high interest rates. **Page 22; Lex, Back Page**

● **JOHN MENZIES (Holdings)**, newsagent, stationer and bookseller, reported pre-tax profits up from £6.66m to £7.35m for the year to January 31. **Page 24**

Philip Morris beats Reynolds in $350m deal with Rembrandt

BY ANDREW FISHER AND DAVID LASCELLES

PHILIP MORRIS, the world's second-largest tobacco company, is going into a $350m (£162m) partnership with the Rembrandt Group of South Africa.

Rembrandt is selling control of just over a fifth of the shares in London-based Rothmans International to Philip Morris, having ended "exploratory talks" with R. J. Reynolds, another major U.S. tobacco group.

The South African company, headed by 65-year-old Dr. Anton Rupert, a former chemistry lecturer who started business in the 1940s with less than R20 (£11), has interests in liquor, mining and banking, as well as tobacco.

It gave no reasons for preferring to do a deal with Philip Morris, known for its aggressive marketing approach, rather than with Reynolds, with which talks were announced nearly three weeks ago.

News of the deal drew a sharp reaction from Reynolds which all but accused Dr. Rupert of double dealing.

Mr. J. Paul Sticht, president, said he was shocked by the news. Until noon on Tuesday he was under the impression he had been the exclusive negotiator. Reynolds had been prepared to make an outright takeover of Rothmans International.

He had held several meetings with Dr. Rupert in South Africa and Europe, and there was agreement that neither side would negotiate with anyone else while the talks were going on.

His lawyers advised him that the form of the transaction proposed by Philip Morris and Rothmans might encounter difficulties with West German and EEC anti-trust laws.

Philip Morris, though larger than Reynolds across the world, is smaller in the U.S. It had just more than 30 per cent of the U.S. market last year, including the best-selling Marlboro brand.

Its brewery, Miller, has about a fifth of the U.S. beer market. The group also owns Seven-Up.

Last year, Philip Morris lifted net earnings by 14 per cent to $577m on sales of $9.8bn.

The U.S. company will buy about half of Rembrandt's holdings in Rothmans Tobacco Holdings, London, which has a 44 per cent stake in Rothmans International.

Apart from Rothmans King Size, its main brands are Dunhill, Peter Stuyvesant, and Craven "A." In the year to March 31, 1980 Rothmans International's sales totalled £2.47bn, of which 90 per cent came from tobacco products and 7 per cent from brewing, mainly in Canada.

Philip Morris will buy half of the holding of Rothman's convertible senior and junior bonds held by a European affiliate of Rembrandt. There are £141m worth of the bonds in issue.

It is believed the affiliate, not named by Rembrandt, is Rupert S.A., which owns all of the £67m worth of junior bonds and less than half of the £74m of senior bonds. If Philip Morris chose to convert the bonds into shares it could end up with about a third of the votes in Rothmans.

The London stock market had wind of a possible deal with Philip Morris for some time. Rothmans' "B" shares ended 7½p lower yesterday at 69½p in disappointment that Reynolds was not bidding, valuing the company at £139m.

Rembrandt controls all of the ordinary shares, with one vote each, and 36 per cent of the quoted "B" shares, which have four votes.

Included in the $350m deal are the rights to the use of trademarks held by Rembrandt in North and South America. The deal appears to have been worked out in South Africa, with Rothmans' London management not involved in the talks.

Rembrandt gave no clue about its plans for the $350m from Philip Morris. Dr. Rupert is thought to be keen to move into an international mining or energy company. He has set up in partnership with an unidentified European group to invest in resource-based industries.

See Lex, Back Page

Commission warns Britain over £990m aid to BL

BY GILES MERRITT IN BRUSSELS

THE British Government has been warned by the European Commission that its £990m cash injection for BL, the troubled UK motor manufacturer, may have to be purged of "unfair" elements.

The warning is part of a general clamp down by Brussels on state aid. Another major British industrial group, ICI, has also been hit.

The Dutch Government has been ordered by the Commission not to pay a grant to ICI Holland which would have contributed towards the Fl 74m (£14m) the company has invested in an advanced polypropylene plant that began production in Rotterdam's Europoort last year.

Other major corporations scrutinised by Brussels in its investigation include Philips, Shell, Rockwell, Polaroid, Dutch State Mines and Dupont de Nemours. Of the 14 aid projects being studied, half are expected to be refused permission for government funds to be granted.

The commission objects to the UK Government's funding of BL because, the commission says, it includes direct subsidies which breach community rules on competition. Since similar aids are not available to BL's EEC competitors, the British company is said to be gaining an unfair advantage.

In the case of ICI, the commission says government assistance is unwarranted for an industry which is already suffering from over-production.

ICI replied that the Europoort plant was making a new grade of polypropylene and that the company would not have built the factory if there was no place in the market for the product.

The general objection to most of the other government subsidies under scrutiny is that the funds offered would not create jobs and did not benefit regions officially listed as in need of state assistance.

The review, which could force the UK Government to alter its 1981-82 financial restructuring plan for BL, is much the largest of the state aid schemes to be challenged. In its latest move the commission has demanded clarification from the Government to establish which elements of the funding represent subsidies.

The 14-member Brussels commission is expected to make a formal decision on the BL case by mid-summer.

The competition authorities in the commission are concerned that BL should not receive aid that will distort fair competition by enabling it to boost output when the rest of the EEC motor industry is suffering from serious overcapacity.

Tough approach

Commission officials emphasised that Brussels has already demonstrated considerable flexibility over the BL issue by approving the £380m first tranche of the aid scheme to avoid delaying the rescue bid.

The tough approach being adopted by Brussels on EEC governments' aid to industry reflects the commission's concern that member states should not be drawn into beggar-my-neighbour subsidy contests, or use aids to tempt foreign investments away from other EEC countries.

Should BL or any of the other companies and Governments involved fail to convince Brussels that their aid is permissible under Treaty of Rome rules, the commission is expected to instruct them to stop payment.

It anyone defies such an order the commission will take its case to the European Court of Justice, the final arbiter of Community law.

Ford sends $20bn plan to U.S. Government

By David Lascelles in New York

FORD, the second largest U.S. car manufacturer, yesterday submitted details to Washington of a $20bn (£9bn) long-term plan as part of the Reagan Administration's efforts to shape a policy for the troubled American car industry.

The company laid out strategic goals, investment plans and proposed products in a letter from Mr. Philip Caldwell, Ford's chairman. Although Ford has given some of the information already the plan reinforces its efforts to gain protection against Japanese imports, and to wrest wage concessions from unions.

The company proposed to spend $20bn by 1985 to overhaul and retool all car, truck, engine and transmission assembly lines. In a little over a year, Ford said it had constructed production space that would cover dozens of football fields.

Ford said that by the mid-1980s, 80-90 per cent of its cars will be front wheel drive and 75 per cent will have four cylinder engines with average fuel consumption of more than 30 mpg.

In efforts to improve its finances, Ford said it had reduced fixed costs by $1.5bn a year and cut salaried employment by 22 per cent. But it said that concessions from labour will be necessary if the competitive gap with Japan is to be closed.

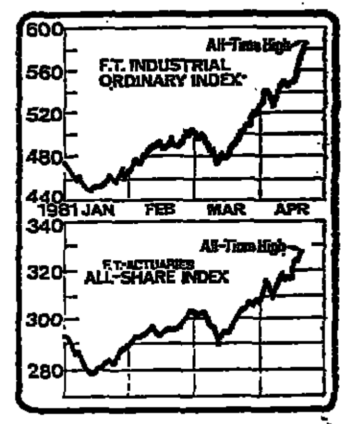
Ford said it was willing to talk to members of the United Auto Workers union about this. The union has already said it will not reopen the existing contract.

Ford wants car barriers against Japanese imports and said yesterday that it was willing to go on exercising price restraint. However, the U.S. Administration is to seek voluntary curbs by the Japanese.

Ford has named its plan P6 because it covers production, productivity, pruning, profits, prices and pay.

Shortage of shares brings 18.2 climb to 584.3

Index at new peak as stock market regains momentum



BY CHRISTINE MOIR

THE STOCK MARKET recovered its momentum yesterday, after its brief pause for breath on Tuesday, and the FT Index climbed another 18.2 points to a new peak of 584.3.

On Maundy Thursday there had been a 19.4 point rise. Allowing for Tuesday's slight drop the net gain in the past three trading days has been 35.2 points.

Shortage of stock was one reason for the upsurge: jobbers were marking up their prices—"sometimes to silly levels," as one admitted—when they could not meet demand.

However, the market was also fuelled by real volume buying across the board, apparently mostly from the UK institutions, although there has recently been interest from U.S. investors in leading British stocks.

Institutional investors were individually reluctant to claim that they were buying heavily in yesterday's market but several said they were "terrified to turn seller."

At current levels share prices are widely thought to overvalue the potential recovery of British industry from the recession. Nevertheless, both market operators and investors continue to believe that the market has not yet run out of momentum.

Continuing good economic news helped the upswing. Company liquidity figures, published on Tuesday, showed companies generally in a healthy state at the year end, though largely as a result of destocking.

Cautious optimism from ICI's chairman at the annual meeting also seemed to be translated by the market into something stronger even before Sir Maurice Hodgson had spoken. ICI's shares rose 8p to 294p before his statement, and put on a further 2p afterwards.

The company's share price led the market rise yesterday, and in the past three days has risen by 11.3 per cent.

Feature, Page 21
ICI expects better first quarter, Page 7

Hadfields to make 1,900 steel workers redundant in Sheffield

BY ALAN PIKE

THE 2,600 employees of Hadfields, the Lonrho-owned private steel company in Sheffield, were told yesterday that all but 700 of them would lose their jobs.

Mr. Derek Norton, Hadfields chairman, broke the news to his workforce at a mass meeting at the city's Hillsborough football stadium.

He told them hard-working and loyal private steel workers were being sacrificed because of the "judge, jury and hangman attitude" of the Government and the nationalised British Steel Corporation.

Hadfields will issue 90-day redundancy notices to the 1,900 who are to lose their jobs. The company plans to close its Leeds Road works in Sheffield and cut the workforce at East Hecla, its other plant.

Yesterday's announcement comes after long negotiations between BSC, Hadfields, and other private steel companies on Phoenix 2—a plan to reduce excess capacity in the engineering steels area and integrate production into a new company owned jointly by the public and private sectors.

The talks have not been concluded. But Mr. Ian MacGregor, BSC chairman, has insisted during the negotiations that Hadfields is redundant to requirements and must close. Capacity in engineering steels is about double current market needs, and BSC's position has been that Hadfields plant is either elderly or duplicated elsewhere in the corporation.

Lonrho said yesterday that "notwithstanding the proposal made by the British Steel Corporation that Hadfields should close down completely," the company had decided, with Lonrho support, to continue operations as an independent specialist steel producer. Its aim would be to provide a viable operation outside BSC control.

The long-term future of Hadfields has been uncertain for some time. There were fears that it faced closure during last year's national steel strike, but the Hadfields workers defied pickets and continued working. In recent months the Hadfields workers have been running a spirited campaign to save their plant, and point to their productivity record. The labour force has been reduced from 5,400 to 2,600 in the past four years.

At yesterday's mass meeting Mr. Norton attacked the impact of the subsidised state steel corporation's pricing policies on the private steel sector. Hadfields has been losing £1m a month since July, and it blamed part of this on undercutting by BSC.

BSC denies it is engaged in a price war with the private sector. The corporation believes European prices are in general too low, but says that in the short-term it must match imported steel prices. Private producers have been caught in the cross-fire between BSC and foreign suppliers.

Hadfields decision to scale-down its steel operations follows the closure of Duport's Llanelli works in February. Duport, like Hadfields, had been engaged in the rationalisation talks with BSC.

The closure of Duport's works, and yesterday's decision by Hadfields, may bring the conclusion of the Phoenix 2 talks closer. Agreement is close on the future of Round Oak—a West Midlands steel company jointly owned by BSC and Tube Investments. The most important outstanding negotiations are between BSC and GKN.

Another partner disappears from Phoenix, Page 7
Editorial comment, Page 20

£ in New York

	April 21	Previous
Spot	2.1785-2.180	2.1645-1675
1 month	0.68-0.75 pm	0.95-1.05 pm
3 months	2.25-2.35 pm	2.45-2.60 pm
12 months	6.80-7.00 pm	7.50-7.70 pm

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 12¼pc '99	£91⅞	+ ⅜
BOC Intnl.	154	+ 12
Barr (A. G.)	210	+ 35
Berisford (S. & W.)	121	+ 6
Biddle	126	+ 20
Blue Circle	436	+ 12
British Aerospace	229	+ 15
British Home Stores	162	+ 8
Callender (G. M.)	58	+ 10
Courtaulds	75	+ 5
Erskine House	63	+ 6
Harris Queensway	242	+ 16
ICI	296	+ 10
Lawrence (W.)	150	+ 16
London United	187	+ 7
Lucas Inds.	234	+ 13
Menzies (J.)	383	+ 42
Phicom	48	+ 7
Plessey	335	+ 11
Royal Bk. Scotland	174	+ 6
Saatchi and Saatchi	386	+ 18
Smith (W. H.) A	170	+ 12
Smiths Inds.	375	+ 17
Steetley	222	+ 13
Thorn EMI	416	+ 16
Trusthouse Forte	245	+ 7
Tube Invs.	240	+ 16
Turner and Newall	116	+ 9
Vickers	189	+ 11
Websters	53	+ 10
Wilson (Connolly)	270	+ 28
Hartebeest	£31¼	+ 2
West Drie.	£38	+ 1
Winkelhaak	£14½	+ 1½

FALLS

British Sugar	302	— 13
Rothmans	69½	— 7½
Savoy A	160	— 26
Wadkin	80	— 7
BP	382	— 10
LASMO	535	— 20

CONTENTS

OPEC: why the Saudis want an oil glut 20
Economic viewpoint: the real arguments about interest rates 21
Marketing: retailers again buffeted in store wars 12
Technology: moon engineering on earth 13
Lombard: Peter Riddell compares economic alternatives 18
Business and the courts: letting sleeping dogs lie 18
Editorial comment: steel cutbacks. Gibraltar 20
Inflation accounting: how the drawbacks can be overcome 30

American News	4	FT Actuaries	36	Share Information		World Trade News	6
Appointments	30	Intl. Companies	31-33	Stock Markets:		ANNUAL STATEMENTS	
Appt. Ads.	14-17	Leader Page	20	London	36	Babcock Intl.	26
Arts	19	Letters	21	Wall Street	34	British Nat. Ins.	38
Bus Opts.	10	Lex	40	Bourses	34	Delta Metal	22
Commodities	35	Lombard	18	Technical	13	E. Fogarty	26
Companies UK 22-26	23	London Opts.	26	Today's Events	21	Harris Queensway	25
Crossword	18	Marketing	12	TV & Radio	18	Hepworth Ceramic	25
Entertain. Guide	18	Men & Matters	20	UK News:		Lilleshall	24
Base Rates	19	Mining	28	General	7-9	Tricentrol	24
European News	2	Money & Exchngs.	29	Labour	10	ICI	23
Euro. Opts.	24	Overseas News	3	Unit Trusts	27	Intl. Inv. Trust	28
Euromarkets	31	Racing	18	Weather	40	William Baird	22
						Harrison Cowley	25

For latest Share Index phone 01-246 8026

Major W. German pay deal in sight

BY KEVIN DONE IN FRANKFURT

AN INDEPENDENT arbitrator has suggested effective wage increases of 4.83 per cent for the 1m workers in the West German construction industry in what could be the first important settlement in the current hard-fought national round of wage bargaining.

The result of the arbitration is not binding on either the trade union, IG-Bau, or on the employers, but the arbitrator Herr Walter Hesselbach, former chairman of the trade union-owned bank, Bank für Gemeinwirtschaft, warned that failure to accept the award would lead inevitably to strike action.

The West German Building Industry Federation said yesterday that it could live with the award, but no official endorsement is expected from the construction workers trade union until the membership has been consulted.

Union delegates were meeting last night, but it is expected that the proposal will be accepted.

The first deal for a 4 per cent rise, agreed some weeks ago by the union executive was rejected by the grass-roots. The wage claim had to go to arbitration as a result.

The suggested increase leaves the general wage rise at 4 per cent but offers a two-stage improvement in the "13th month" salary that is a generally accepted component of West German wage deals. The full package will first come into effect in 1982, but for this year it will already mean an effective wage rise of 4.8 per cent.

The most crucial talks of the wage round—in the metal-working industry—were still balanced on a knife's edge yesterday with delegates from both sides engaged in last-ditch talks in Wiesbaden.

IG-Metall, West Germany's largest union, brought its 2.7m members out on one-hour nation-wide protest strikes yesterday, to increase the pressure on the employers.

The regional negotiations taking place last night in Wiesbaden were the eighth round of talks on wage rises for the 330,000 metal-workers in the state of Hesse. Talks in two other important regions, northern Germany and North-Rhine Westphalia, have already broken down and failure to reach agreement in Hesse is expected to lead quickly to all-out strike action.

The metal-working sector with 3.7m workers traditionally sets the pace in West German wage bargaining. So far, the union has flatly refused the management's best offer of 4.1 per cent, while the employers have ruled out IG-Metall's scaled down claim of 5.2 per cent.

The last serious strikes in West German industry occurred in 1978 in the iron and steel, automotive and print industries. In that year, 4.28m working days were lost through strikes and lock-outs. Last year by contrast was peaceful on the industrial front with only 128,386 working days lost through strikes, mainly through a stoppage by postal workers.

Crude oil imports fall 20% in first quarter

BY OUR FRANKFURT STAFF

WEST GERMAN crude oil imports fell sharply in the first three months of 1981, but the country's crude oil import bill was still 15 per cent higher than a year ago under the pressure of successive price increases and the weakness of the D-Mark against the U.S. dollar, the international oil trading currency.

Crude oil imports from January to March totalled only 20.9m tonnes compared with 26.1m tonnes in the first quarter of 1980, a drop of 19.9 per cent.

The reduction of imports has been made possible partly by falling oil consumption in the Federal Republic, but in addition oil companies have been drawing down existing crude oil stocks and some are understood to be importing more oil products rather than crude oil to take advantage of falling product prices on the spot markets.

The biggest fall in oil consumption has come in light heating oil, where demand dropped by 15 per cent in the first quarter compared with the corresponding period last year. Fuel oil consumption fell by 22 per cent, while petrol consumption declined by 4 per cent and diesel fuel use rose by 3 per cent.

Saudi Arabia remained by far the Federal Republic's most important crude oil supplier in the first quarter, underlining the importance of Chancellor Helmut Schmidt's imminent visit to Riyadh.

The kingdom delivered 5.1m tonnes in the first quarter, 24.4 per cent of West German requirements. The UK was in second place supplying 3.7m tonnes from the North Sea followed by Libya, 3.4m tonnes and Nigeria, 2.1m tonnes.

Oil is still covering nearly half of West Germany's energy needs and oil imports are the biggest single reason for the massive deficit in the country's current account of the balance of payments. In the first quarter of the year, the crude oil import bill rose by 15 per cent to DM 12.4bn.

The average import price for crude oil in March had risen to DM 619.08 per tonne compared with DM 443.54 per tonne in March 1980, a rise of 39 per cent. In the autumn of 1978, before the 1979-80 series of crude oil prices increases, West Germany was paying on average only DM 200 per tonne for its crude oil imports.

The shock suffered by the West German economy through the dramatic oil price rises of 1979 and 1980 cost the country growth of nearly 2 per cent last year and added some 150,000 to the total unemployed, according to the latest monthly report from the Bundesbank.

The West German Central Bank suggests from studies based on its model of the Federal Republic's economy that the gross national product would have managed growth of 3.6 per cent last year, instead of the actual expansion of 1.8 per cent, if the oil price shocks could have been avoided.

THE SLIGHT recovery in the West German car market in the first two months of the year appears to have run out of steam, according to the latest report from the motor industry federation, writes Kevin Done. Manufacturers blame the petrol tax increases introduced on April 1 for deterring new buyers.

West German motorists still enjoy some of the cheapest petrol in Western Europe, however, despite the increase of 8 pfg a litre caused by the latest tax changes. Drivers pay about DM 1.40 for a litre of four-star compared with DM 1.74 in Italy, DM 1.68 in Denmark and DM 1.59 in Britain.

Car production has fallen by 10 per cent in the first three months of 1981 to 917,800. Commercial vehicle output has dropped by 5 per cent to 86,500.

Socialists promise loyalty to Forlani

By Rupert Cornwell in Rome

SIG. BETTINO CRAXI, the Italian Socialist Party leader, yesterday pledged his party's loyal support for Sig. Arnaldo Forlani's coalition government, of which it is a member. He warned that any sudden government crisis could lead to a new general election.

In his key note speech opening the party's 42nd congress in Palermo, Sig. Craxi seemed cautiously to be maintaining the Socialists' current stance. He did express the hope for better relations with the opposition Comunists, who have repeatedly called for an end to the Forlani administration.

But he made it clear that substantially closer ties with the Communists—and hence the alternative of a left-wing popular front government linking the two parties—would not be possible without further change by the latter.

He urged the Communists, whose leader Sig. Enrico Berlinguer heads his party's delegation to the congress to "complete its process of ideological and structural change" and to make a clear choice in favour of socialism along Western lines.

The implication of his words is that the Socialists would continue in alliance with Sig. Forlani's Christian Democrats to guarantee a working government with a parliamentary majority.

Sig. Craxi was careful to avoid offending his partners in government by pressing the case for a Socialist to take over as Prime Minister, for the first time in the history of the post-war Italian republic.

The congress will confirm Sig. Craxi's grip o fhis party and his defeat of Left-wing opponents who are still pressing for the "popular front" alliance with the Communists. He controls about 72 per cent of delegate strength in Palermo; the remainder is split between two or three Left-wing factions.

His speech offered few solid pointers, however, as to how he will use this authority to push ahead with his party's aim of renewing Italian politics. Sig. Craxi reiterated his demands for institutional reforms to make both Parliament and the executive more efficient, but gave little detail of what he intended.

Warning of the damage being done to the national economy by inflation, currently running at a rate of 20 per cent, he came out clearly in favour of at least some dilution of the *scala mobile* mechanism of wage indexation. It merely added "fuel to the flames" of inflation, he said.

The three main unions are trying desperately to settle their own differences on the possibility of *scala mobile* reform. But the chances of agreement on a partial freeze of the system have been made no easier by recent sharp differences between the Communists and Socialists, who dominate the union movement.

M. Mitterrand (centre) is acclaimed by his followers

Mitterrand's bandwagon makes up lost ground

BY ROBERT MAUTHNER IN PARIS

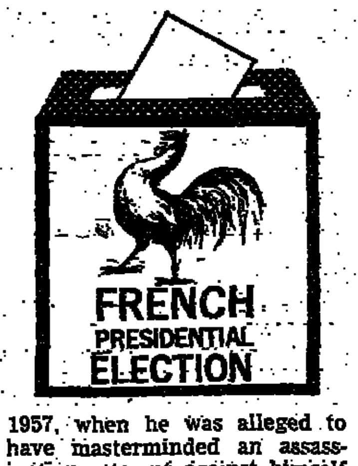
THE SOCIALIST candidate for the French presidency, M. Francois Mitterrand (64), has risen so often from the political ashes as to make the proverbial phoenix look like an amateur illusionist. Only a few months ago, he had been written off as a serious challenger to President Giscard d'Estaing by everyone except his own supporters in the party. Today, several opinion polls make him a possible winner by a short head.

M. Mitterrand's astonishing come-back can be put down in the first instance to his masterly control of the Socialist Party machine. Undeterred by the public opinion polls which showed that his great rivals for the socialist candidancy, M. Michael Rocard, stood a much better chance at the time of winning the election, M. Mitterrand refused to stand down. When it came to the crunch, it was M. Rocard who retired gracefully from the race, knowing that M. Mitterrand was certain of obtaining the backing of a majority of party delegates.

That though, was only the beginning of the story. Since the fateful day last November when the party candidancy was decided M. Mitterrand has benefited from a very strong bandwagon effect. Not only have the Socialists united behind him, but many non-Socialists who are disillusioned with M. Giscard d'Estaing's policies and style of government have come round to supporting the main pretender to the presidential throne.

Not without some reluctance, it should be said, for those old enough to recall the details of M. Mitterrand's chequered 40-year-old political career, continue to have reservations about the inconsistencies of his views, such as his failure to condemn the colonial wars in Indochina and Algeria.

Two curious "scandals" have continued to haunt him — one in 1954, when, as Interior Minister, he was accused of leaking defence secrets to the Communist Party, and another, in



1957, when he was alleged to have masterminded an assassination attempt against himself for obvious motives. Subsequently, they proved to be plots hatched by extreme right-wing opponents, but mud as a tendency to stick.

With the passing of time, however, it is M. Mitterrand's achievements such as the rejuvenation of the party at the Epinay congress in 1971 and the signature of a common programme with the Communists the following year, which remain uppermost in people's minds.

Whatever the socialist candidate may say about the improbability of communist participation in his government as long as the Communist Party does not change its policies, a resuscitation of the Union of the Left remains part of his fundamental strategy, at least at grass-roots level. For M. Mitterrand knows that the break-up of the Union of the Left in 1977, on the eve of the last parliamentary election, did nothing to alter certain basic electoral truths. It is mathematically impossible for him to win the election unless communist voters switch their support to him in the final ballot on May 10.

The election campaign has put new life into M. Mitterrand, to the point that few people now look upon him as "yesterday's man." He has even made a virtue out of the fact that he has had two unsuccessful shots at the presidency, in 1965 against General de Gaulle and in 1974 against M. Giscard d'Estaing. "Third time, lucky," he jokes, referring to his escape at the third attempt from a German prisoner-of-war camp during the Second World War.

Still a mediocre performer on television, though he has improve since 1974, this stationmaster's son with several university degrees is a superb orator in front of large crowds, with a range of tone worthy of a cathedral organ. His sarcastic outbursts nearly always hit their mark and delight his audiences. It was M. Mitterrand who infuriated the outgoing President by describing him as a "telegram boy" because the latter had agreed to meet Mr. Leonid Brezhnev, the Soviet leader, in Warsaw, shortly after the invasion of Afghanistan.

Indeed, in many ways M. Mitterrand has succeeded in turning the tables on M. Giscard d'Estaing, whose youthful image and new ideas helped him win the 1974 presidential election. "Today, it's me who is seven years younger than Giscard," M. Mitterrand has said perfidiously, and a growing number of people appear to agree with him.

Belgium's franc policy questioned

By David White in Paris

BELGIUM'S FIRM stance on maintaining currency stability is questioned in the OECD's latest report, prepared before the recent government crisis came to a head. Economic adjustment will take "some time" if the Government pursues recovery through existing policies, avoiding a devaluation of the Belgian franc, it says.

Devaluation "might be envisaged" as part of a more ambitious strategy to rebuild company profits and improve competitivity. But the report has serious reservations about this, pointing out that devaluation could have perverse short-term effects, because of the country's extensive use of indexation and its high dependence on foreign trade.

In the long term, it could help to restore competitivity, but only if there was a big transfer of resources to the business sector.

The OECD blames the wage indexation system for holding back the necessary adjustment of incomes to the deterioration in terms of trade and to the slowdown of productivity.

It forecasts a decline of 0.5 per cent in gross national product in real terms this year, after a 1.4 per cent growth in 1980. Unemployment is expected to rise, after reaching 9 per cent of the labour force at the end of last year, and to remain high for several years.

The current account deficit is also expected to worsen, probably reaching between $6bn and $7bn. The inflation rate is seen remaining stable at around 6.5 per cent.

East Germany steps up criticism of Poland's communist leaders

BY LESLIE COLITT IN BERLIN

EAST GERMANY has accused the Polish Communist Party of allowing itself to be "further undermined" and of giving counter-revolutionary forces in the country "even greater room for action."

The attack by the official news agency, ADN, was published in all East German newspapers. It marks a growing emphasis by Poland's hard-line neighbours to blame the communist leadership as much as "anti-socialist forces" for the situation in Poland.

The East German broadside was aimed at the recent meeting of reform-minded Polish Communists in Torun and at the Government's decision to allow Rural Solidarity, the independent farm union, to represent Poland's private peasants.

ADN said "Marxist-Leninist" forces in Poland are "deeply concerned" about recent developments, especially the Torun meeting. It attacked the "demagogic" slogan of democratising the party which, it said, was used to "attack openly the Marxist-Leninist principles" of the party, in particular democratic centralism.

This is a very serious criticism which dogmatic Communists make of reform communism and is often followed by labelling a reformed party "revisionist."

The East German report singled out Professor Wojciech Lementowicz for demanding the "replacement of 80 per cent of central committee members" to achieve "liberalisation" in Poland. East German communist officials said at their party congress last week that, if this happens, there will be nothing to prevent the "social democratisation" of the Polish Communist Party.

"That was tried before, in 1968," one East German Communist said, referring to the Czechoslovak communist reformers led by Mr. Alexander Dubcek.

The news agency also warned that the legalisation of Rural Solidarity opens a wide area for the activities of anti-socialist forces in Poland.

Solidarity urges price, pay reform

BY CHRISTOPHER BOBINSKI IN WARSAW

REFORMING OF the system of prices, wages and farmers' incomes in Poland must be started at once if runaway inflation is to be avoided, according to the weekly newspaper published by Solidarity, the independent union. By the end of this year the value of demand for consumer goods will outstrip supply by Zl 600bn-Zl 700bn (£S.2bn-£9.5bn), says an article written by Mr. Wiktor Herer and Mr. Wladyslaw Sadowski.

Inflation "is a plague which will soon paralyse the economy and block any chance of economic reforms," they say. The changes which will inevitably hit incomes will be "painful."

The Government, meanwhile, has postponed the trial of Mr. Leszek Moczulski and three other dissidents who head a small political party called the Confederation of Independent Poland. They are all accused of anti-state activity nd their trial was to have started next Monday. Solidarity, which has taken up their cause, claims that they are prisoners of conscience.

The official decision to postpone the trial appears to have been taken to avoid tension in the next few weeks when the union and the Government are to hold talks on a number of issues, including union access to the media, freedom for Mr. Moczulski and six associates, and economic questions.

Another sign that the authorities are maintaining their moderate policy towards Solidarity was evident at a meeting yesterday of a parliamentary commission working on the draft of a law limiting official censorship. Professor Klemens Szaniaski said later he was satisfied that Communist Party deputies who hold a majority in Parliament are not intending to alter the draft significantly at present. He is chairman of a co-ordinating committee of various creative associations which helped prepare the draft with Solidarity in a long series of negotiations

● Speaking at a ceremony in Warsaw on Tuesday marking the 36th anniversary of the signing of a Soviet-Polish friendship pact, Mr. Boris Aristow, the Soviet ambassador to Poland, confirmed Moscow's support for the Polish party leadership.

Basque lawyer freed by court

By Robert Graham in Madrid

A MADRID magistrate yesterday ordered the release of Sr. Ruiz Balerdi, a radical Basque lawyer, held for eight days by police under new anti-terrorist laws.

He was detained on entering Spain from France and was found to have £26,000 worth of Belgian francs in his car. No charges were laid against him.

He had been acting, with the knowledge of the Interior Ministry, as an intermediary to secure the release of a kidnapped Valencian businessman. The case has caused unease among lawyers as well as politicians.

Marchais hopes for at least 20%

BY OUR PARIS STAFF

THE FRENCH Communist Party would consider a score of less than 20 per cent in Sunday's first-round ballot a poor result for M. Georges Marchais, its candidate, M. André Lajoinie, leader of the party's parliamentary group, said yesterday.

M. Marchais refused to say what his target was, but said that every vote counted in his bid to "unblock" the impasse on the Left and bring Communist proposals into play in the event of a victory by M. François Mitterrand.

Opinion polls have shown an improvement in M. Marchais' score, but with figures ranging between 17 and 19 per cent.

M. Lajoinie said that the party considered 20 per cent to be a "normal" election result.

The Communists did not have a candidate in the last presidential election in 1974, when M. Mitterrand stood for a united Left.

M. Marchais said he was confident of being ahead of M. Jacques Chirac, the Gaullist contender.

As for the Communits' programme of urgent measures, including major national labour negotiations, everything depended on the number of votes given to him in the first round, said M. Marchais.

Asked if he would seek to negotiate with M. Mitterrand on the basis of the 131 proposals presented in his "Fighting Plan" last November, M. Marchais said: "If I don't bring my proposals, there will be none on the table."

Chirac olive branch for Giscard

BY TERRY DODSWORTH IN PARIS

M. JACQUES CHIRAC, the Gaullist candidate appeared to prepare the way yesterday for a reconciliation with President Giscard d'Estaing in a declaration emphasising the need to strengthen and reinforce the present governing majority.

M. Chirac's statement, only four days before the first round of the elections, was aimed mainly at improving his score by raising the old bogey of a Communist presence in a Government led by M. Francois Mitterrand (the Socialist candidate.

In order to avoid this shift to the Communist left, it was important to eliminate M. Mitterrand in the first round, said M. Chirac—a turnout that would almost certainly let M. Chirac through.

There is a vague possibility that M. Chirac could overhaul M. Mitterrand in Sunday's first round following the surge in his electoral support in the past few weeks. But yesterday's statement was particularly interesting for the way in which he toned down criticisms of President Giscard.

In the early stages of the campaign, M. Chirac gave the President and M. Mitterrand equally rough treatment. But yesterday he criticised President Giscard only obliquely, while stressing his aim of creating a new mood of "national unity" on the basis of the present majority.

European Commission: Thorn's team shows its weakness

John Wyles reports from Brussels on the first four months in power of the new European Commission, headed by M. Gaston Thorn, left, the Commission's President. Some of the 14 Commissioners seem to have been following lines laid down by their national governments, leading to lectures by M. Thorn on the need for independence.

M. GASTON THORN'S 14-man European Commission is still wearing a somewhat anxious air, almost four months after it began its four-year tenure in Brussels.

Some elements in the Commission's performance so far raise legitimate doubts about whether it will be able to find the necessary sense of authority to grapple with the severe tests which lie ahead.

As a result, there are also doubts about European Commission President M. Gaston Thorn's aim of building a Commission which will be more assertive and independent in the face of the European Community's national governments, which seem increasingly unable or unwilling to advance their national interests through Community policies.

The Commission's vital role is to propose a broad range of policies based on a judgment of the "Community interest." M. Thorn promised in one early presidential speech that his Commission would take this role more seriously than some of its predecessors, which out of weariness and disillusion tended to limit their ambition to what they thought member governments might easily accept.

The resulting lowest common denominator of agreement has produced a succession of fudged decisions which have shied away from some important basic problems, particularly in agriculture.

M. Thorn has rightly concluded that his Commission needs a sense of team spirit and collective responsibility if it is to have any muscle in its inevitable brushes with governments. The reality, however, has been a bit like pushing a boulder up a mountain. "Gaston is trying, but if anything there is a marked lack of trust and confidence among Commissioners," said one senior official with experience of previous Commissions.

There appear to be several reasons for this awkwardness in the Commissioners' relations with each other. They got off to a shaky start on the night of January 6, when the sharing of jobs gave rise to a far angrier debate than expected and also an unprecedented one, as Mrs. Margaret Thatcher intervened directly on behalf of her Commissioner, Mr. Christopher Tugendhat. The Commission was further destabilised a few days later by the sudden death of its leading political heavyweight, Mr. Finn Olav Gundelach, the Agriculture Commissioner.

But the problems on the 13th floor of the Berlaymont have been compounded by the fact that Commissioners are behaving more and more like delegates from national governments. M. Thorn has lectured his colleagues at least twice on the need for independence. It is less surprising that some of the seven newcomers, such as West Germany's Herr Karl-Heinz Narjes, Greece's Mr. George Kontogeorgis and Ireland's Mr. Michael O'Kennedy should sound occasionally as though they are reading from briefs prepared in their national capitals.

Far more serious, some of the seven "old hands" from the previous Commission are overtly playing the national game. Sig Lorenzo Natali, for example, returned to his native Italy to attack the farm price proposals he was nominally committed to as Commissioner. M. Francois-Xavier Ortoli, a former Commission President, played an overtly French hand during M. Thorn's absence while chairing a Commission meeting which produced a revised proposal for the fisheries negotiations. The British saw it as denying them previous gains.

Another problem is that the Commission greatly lacks "horizontal co-ordination." As a result, the new Commissioners and their staff feel they are being constantly "ambushed" by colleagues more adept at playing the system. Finally, the Commission meetings are generally felt to be taking far too long discussing trivia.

M. Thorn's chairmanship is held partly responsible, but he in turn believes his colleagues should exercise greater moderation, and points to the difficulty of achieving crisp discussion in five languages (the previous Commission managed with French and English), and with up to 30 Commissioners' advisers in the room.

But M. Thorn must accept some responsibility. He is a very shrewd politician with a depth of international experience rare even in a Luxembourger. But he has a butterfly approach to his work, and several of his colleagues believe his five-man cabinet should force him to concentrate more on key issues.

The reason for immediate anxiety about the evident weaknesses in the Thorn Commission is that its reputation will either stand or fall on its handling of the so-called "mandate." By mid-June, it must produce a paper pointing the Ten towards restructuring the Community budget on the basis of reforming existing policies, particularly agriculture, and developing new ones of some relevance to the Community's economic and industrial crisis.

If M. Thorn fails over the next few months to weld his colleagues into a cohesive unit, there is a real risk that the Commission's deliberations will be a full dress rehearsal for subsequent negotiations by the Ten. In this case, its proposals may look like a reordering of the status quo rather than a path for development.

If this proves to be the case, the Commission will be conniving at a very short-term solution to a problem which stems from the fact that agriculture consumes too large a part of the Community's budget, itself too small to make any real contribution to the problems caused by economic recession and industrial decline.

Ironically, in view of the European Parliament's growing appearance of futility, it does have a role to play here. The only power it has not yet exercised is the power to dismiss the Commission.

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Tehran plans to double oil exports

BY TERRY POVEY IN TEHRAN

IRAN PLANS to double its oil exports to an average level of 2.5m barrels a day (b/d) for the next year, according to budget revenue details given to Members of Parliament yesterday.

Faced with the prospect of a $17bn (£7.9bn) deficit on the proposed $44bn budget if existing levels of revenue persist throughout the year, the Government of Mr. Mohamed Ali Rajai, the Prime Minister, is seeking to increase its oil income from the current $18bn (£8.37bn) to $34bn for the year March 1981 to March 1982.

This doubling of oil revenues is consistent with the statement by Mr. Rajai that "according to our forecasts there will be no budget deficit this year, unless some unforeseen problems arise." If achieved, the $34bn oil revenue plus some $10bn from taxes and other sources may cover the budgeted expenditures.

Oil industry experts in Tehran are, however, sceptical about *Iran's ability* to be able to reach this export level rapidly. Restrictions on the use of oil facilities, particularly the giant Kharg oil terminal arising from the Gulf war, are the reasons given.

"Renewed air attacks on this terminal seem likely, given the Government's budget proposals," one Member of Parliament said.

Iran's current oil exports are reported to be 1.4m b/d with its major customers Japan (210,000 b/d), the UK (175,000 b/d), Spain (150,000 b/d), India (130,000 b/d), Romania (80,000 b/d), and Turkey (70,000 b/d).

A contract for 1.5m tonnes of crude with the Soviet Union is also reported to be under consideration for the second half of this year.

World Bank gives foreign aid warning to Indonesia

BY RICHARD COOPER IN JAKARTA

A CONFIDENTIAL World Bank report on the Indonesian economy has warned that Jakarta is going to find it increasingly difficult to persuade foreign governments to provide the country with assistance on the highly favourable terms it has enjoyed until now.

Because of rocketing oil and *gas prices, the report says,* Indonesia's economy is in better shape than it has been for many years.

The World Bank, in its 146-page annual report on the Indonesian economy, says that Indonesia, which last year became the world's largest exporter of liquefied natural gas (LNG), is now likely to have continuing large resources surpluses for the next five years.

This is a remarkable turnround from the depressed outlook just over two years ago when the country was forced to devalue its currency by 33.6 per cent.

The bank warns the Indonesian Government that it will need to take a number of politically unpalatable and perhaps difficult policy decisions soon, if the economy is not to run into grievous problems after 1985.

Record current reserves of $12bn (£5.5bn), and a balance of payments surplus in 1980-81 of nearly $3bn do not hide the fact that the Government must *take action to reduce import* tariffs, improve domestic resource mobilisation, and make a determined effort to reduce heavy domestic subsidies.

If the Government does not embark on such policies, the World Bank warns, the balance of payments position is likely to move into a "large and unsustainable deficit"

Marcos puts provinces on military 'Red Alert'

BY EMILIA TAGAZA IN MANILA

FEARS OF a wave of joint Communist-Moslem seccessionist attacks have prompted President Ferdinand Marcos of the Philippines to place five southern Philippines provinces on military Red Alert.

Military authorities reported that intelligence agents had uncovered a plan calling for an attack today or tomorrow on General Santos City, about 600 miles south of Manila, by 700 men from combined forces of the seccessionist Moro National Liberation Front (MNLF) and the Communist New People's Army (NPA).

On Easter Day, rebels, believed to be NPA members, lobbed *three* grenades at a crowded cathedral in Davao City, Davao del Sur—one of the provinces under Red Alert — killing 13 people and wounding 177, about half of them critically.

A military official said that the uncovered plot and the Easter Day tragedy in Davao may be part of collaboration plans to precipitate instability in the southern region.

On issue of the alert order, President Marcos ordered his Defence Minister, Sr. Juan Ponce Enrile, and his Armed Forces Chief of Staff, Gen. Romeo Espino, to fly to the south to assess the situation, and confer with military officials on ways to prevent a repetition of the cathedral incident.

The Davao attack drew a strong warning from President Marcos. "If terrorism in Mindanao (the southern Philippines) continues, I will be compelled to take more forceful measures."

Israel foreign debt reaches record £10bn

By David Lennon in Tel Aviv

ISRAEL'S foreign debt grew by $2.4bn (£1.12bn) in 1980 to reach a record $21.7 bn (£10.09 bn) while the country's foreign holdings grew $1.1 bn to $2.84bn according to the Central Bureau of Statistic's *end-of-year figures.*

The deficit on the balance of payments edged down slightly, by 1.5 per cent, to $3.8 bn. The U.S. Government financed 34 per cent of the deficit last year, compared with 30.5 per cent in 1979.

The rest of the deficit was covered by private unilateral transfer of funds, and a rise in the national debt.

Total export of goods and services rose by 23 per cent to top $10 bn for the first time, while imports dropped in real terms by 11 per cent to *$14 bn.*

But for a 55 per cent increase in the cost of oil imports, the trade performance would have had a greater impact on reducing the balance of payments deficit.

Some 12 per cent more goods were exported and 11 per cent fewer imported than in 1979.

Shells fall on Beirut airport in new flare-up

BEIRUT — Fighting flared again around the besieged town of Zahle yesterday, shells fell on Beirut Airport, and artillery exchanges erupted in South Lebanon, during the latest round of violence in that country, security officials said.

Israeli jets flew over Beirut and much of South Lebanon, drawing anti-aircraft fire as sporadic mortar and artillery battles went on in the capital for the fourth successive day.

Six people were killed in Rightist-held Zahle during renewed shelling, security officials in the city, *30 miles* east of Beirut said.

The town bore the brunt of fierce fighting which erupted at the start of the month *between* right-wing Falangist militiamen and troops from the All-Syrian Arab Deterrent Force.

Syrian forces have been ringing the city for the past three weeks, but this was the first report of serious shelling there in seven days. Reuter.

Namibia move attacked

BY OUR FOREIGN STAFF

MR. PIK BOTHA, South Africa's Foreign Minister, yesterday denounced the UN Security Council's refusal to grant a hearing to the ruling internal Democratic Turnhalle Alliance (DTA) in South-West Africa (Namibia).

In a statement issued in Pretoria after the Security Council move, he said that no settlement plan for the territory which did not give equal treatment to all parties stood any chance of success.

The Security Council is meeting in New York to consider *calls for* mandatory sanctions against South Africa for its continued presence in Namibia.

Meanwhile, in London, the Western Five contact group on Namibia met *formally for* the first time since the Reagan Administration came to office.

Why Riyadh needs more military muscle

BY JAMES BUCHAN, RECENTLY IN RIYADH

JUST PAST the Defence Ministry on Riyadh's Airport Road, the Yamama Hotel, once the only one in town and distinctly shabby, is turning away businessmen. Its three floors are taken up by crew-cut American *airmen and mechanics* servicing the four advanced reconnaissance aircraft, also American, stationed in Riyadh, with one always guaring Saudi Arabia's eastern frontiers.

Almost the first response by Saudi Arabia to the outbreak of war between Iraq and Iran last September was to ask Washington to send it Boeing E-3A Airborne *Warning and Control* System (Awacs) aircraft. They were at Riyadh at the end of that month. The Saudis also feel extremely vulnerable to threats from Israel and the Soviet-backed regime in South Yemen. Riyadh now wants to buy five Awacs and seven KC-135 Ariel tankers, along with the extra fuel tanks, bomb racks and missiles it requested last year to increase the range and flexibility of the 62 F-15 Eagle interceptors the U.S. will start delivering later this *year.* It wants a small, powerful and mobile air force to defend against all regional threats.

The air force comprises 65 F-5 fighter bombers based at Taif, Dhahran in the oilfields, and at Khamis Mushayt, and the ageing British Lightnings still in service at Tabuk Dhahran and Riyadh. The air force has very little ground attack or counter-insurgency capability other than its British *Strikemaster* trainers.

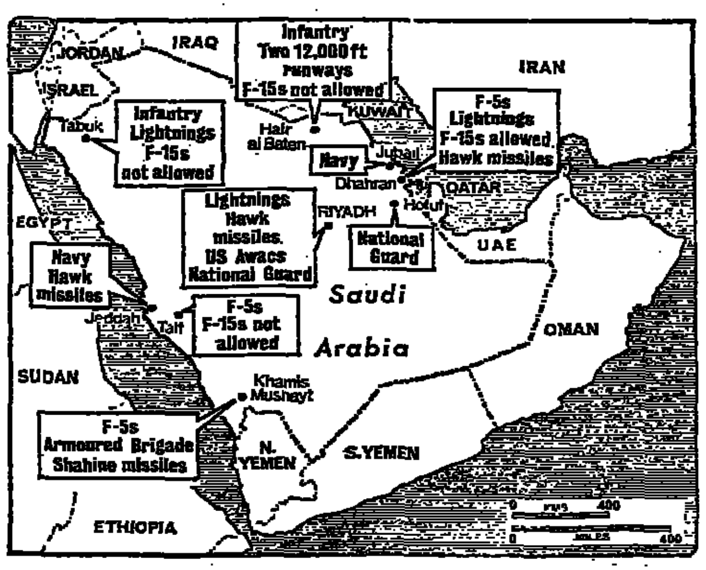
The Awacs can detect aircraft movements at a range of 500 miles and would, for example, double the warning time available to scramble Saudi interceptors from *Dharhran against* an attack from Iran, across the Gulf. They also act as command posts to direct fighter attacks.

President Ronald Reagan's administration has agreed in principle to sell tankers, fuel tanks and Sidewinder air-to-air missiles, although Israel and its supporters in Congress are fighting to stop the supply of *weapons which would increase* the Saudi air force's ability to attack Israel, promising to make this the biggest test ever of the power of the Jewish lobby in Washington.

Mr. Samuel Lewis, the U.S. ambassador in Tel Aviv, was called in yesterday by Mr. Menahem Begin the Prime Minister, to hear Israel's forceful *objections* to the aircraft sale.

Nothing much has been said about the 450 U.S. servicemen languishing in the Yamama, who would be needed to man the Awacs—both as radar aircraft and command post—for the indefinite future because of the critical shortage of trained Saudi personnel.

The Awacs affair underlines Saudi Arabia's defensive dilemma. Hampered by the paucity and inexperience of its own armed forces and its far-flung hostile terrain, Saudi Arabia must rely for protection on the goodwill of the U.S. which is closely bound to a country with which the kingdom is theoretically at war—Israel. *Despite a defence budget* which now, at least in nominal terms, exceeds that of the Shah in full flight, and now runs at $20bn a year, or at least 15 per cent of gross national product, the kingdom has no chance of developing effective army units or even a naval capability for its Red Sea and Gulf coastlines in the immediate future. An argument increasingly heard inthe kingdom is that U.S. military advice (which extends back to the 1940s) has been inflexible and geared to the long term, and that *the vast bulk of the kingdom's* spending—perhaps 76 per cent—has been on training, extravagant headquarters, and military infrastructure, notably the $6.5bn military city at Hafr Al Baten, near the Iraq border. This is part of $20bn military construction programme overseen since 1965 by the U.S. Army Corps of Engineers and is easily the Corps' largest pro*ject outside the U.S.*



Mr. Reagan's election has added a further twist to Riyadh's dilemma by aggravating the difference of opinion over what constitutes the major threat: "The Soviet menace" has shifted its strategic focus away from developing the Saudi armed forces towards building up a U.S. Rapid Deployment Force. This would be completely ineffective in the Gulf, U.S. officials admit, without bases nearer and bigger than those now available in Oman, Egypt, Kenya and Somalia.

In public, Saudi Arabia opposes the Rapid Deployment Force and U.S. bases, although Crown Prince Fahd is said to be more willing to accept an "over-the-horizon" U.S. force than, for example, Prince Saud Al-Faisal, the considerably less powerful Foreign Minister.

In general, however, the Saudi hierarchy feels far more keenly the threat of regional and domestic turmoil posed by the continuing revolution in Iran and the failure to reach a settlement in the Arab-Israeli dispute.

To serve the double purpose of both distancing and bullying the U.S., the kingdom has, since the early 1970s, encouraged European sellers of arms. There are now at least tentative discussions on the British Hawk trainer, the French Mirage 4000 and the West German Leopard II tank. *These also have the* advantage of cementing political and commercial relations — a thought uppermost in the minds of Mrs. Margaret Thatcher of Britain and Herr Helmut Schmidt, the West German Chancellor, in their visits to Riyadh this month.

The Saudi Navy, easily the worst-manned and equipped *service, and numbering little* more than 1,000 men and a handful of patrol craft, is the subject of a 10-year U.S. expansion programme to be completed by December 1984.

Three further problems confound Saudi defence. First, the Saudi regime has never learned to trust the regular armed forces.

Second, there is next to no co-ordination and no joint training between the military establishments.

Third, the manpower shortage is acute. *Only in the 8,000-strong* air force is there reasonable talent and motivation, and the transfer of trainees to the F-15s has been relatively smooth. But the dependence on foreign ground staff, British and U.S., is almost total.

There has been much talk of conscription but this would divert military manpower into training in the short term and would require the Saudi regime to face the kind of political risk it has so far been too timorous to take.

Congressional battle ahead for Reagan on foreign policy

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration is squaring up for a major foreign policy test with Congress over its determination to bolster anti-Communist forces in the Middle East and south-west Asia.

The Administration has re-affirmed this week that it wants to sell Saudi Arabia the very latest in U.S. military equipment, including the airborne warning and control system (AWACS) "spy planes," despite the loud objection of Israel and its supporters on Capitol Hill. Mr. Reagan also intends to renew aid to Pakistan, despite concern that that country is secretly building a nuclear bomb.

A fight is certain, particularly over the AWACS sale which could be blocked by a majority in both Houses of Congress. Opposition flared quickly yesterday after the AWACS announcement. Senator Edward Kennedy said Saudi Arabia had no legitimate need for radar planes and some Republican Senators predicted that the sale would be defeated in the Senate, at least.

The Administration is not rushing into battle, apparently because it does not want to risk divisive and damaging foreign policy fights before its economic programme's fate has been settled. The light workload of the recuperating President is almost entirely taken up with lobbying for his budget and tax cut plans.

The White House has announced that the AWACS sale will be wrapped in a single package with the slightly less controversial sale to Saudi Arabia of extra equipment for F-15 fighters. Congress will have to vote for or against it all. But, significantly, not a

Mr. Agha Shahi

word has been said on the timing of the package's presentation to Congress. It is believed that this is likely to be after June 30—the date of the Israeli elections—to remove some of the heat from the issue.

Similarly, Mr. Alexander Haig, the Secretary of State, this week laid out in talks with Mr. Agha Shahi, the Pakistani Foreign Minister, A U.S. offer of a five-year military and economic aid package. The U.S. has offered $500m ($400m of it in military sales credits) for the first year, the rest to be negotiated.

Mr. Shahi welcomed this as bigger and of longer duration than the $400m which President Carter offered over a two-year period and which President Zia-ul-Haq last year described as "peanuts."

Both Mr. Haig and Mr. Shahi said further talks were needed before the U.S. and Pakistan could strike any firm deal. Even if such an agreement is reached, it will not mean a thing until the Reagan Administration has sorted out with Congress some change on nuclear non-proliferation policy towards Pakistan.

Some countries are keen on what amounts to currency speculation, writes **David Marsh** in New York

Central bankers move into foreign exchange market

HUDDLED AMID the Cape Canaveral-like complexity of computers, voice boxes and flickering video screens, a small squad of dealers sit in a special section on the foreign exchange trading floor of a major New York bank.

Their job is to handle the currency dealing activities of a select group of customers—some 40 or 50 central banks from around the world.

Central banks used to be known for their staidness. But in their efforts to spread investments among a greater variety of currencies and financial instruments, official institutions are becoming increasingly active movers of funds around international money markets.

"Central banks have become much more professional," says Mr. Heinz Riehl, vice-president in charge of the financial markets group at Citibank. "Although their overriding concern is to keep their reserves liquid, they are also becoming more income-conscious.

"The need to manage reserves has become accentuated by increasing volatility of currencies and interest rates," says another New York banker. "But this can be a self-feeding process—central banks themselves can add to currency fluctuations."

Some central banks have a higher profile than others. Some smaller central banks in South-East Asia and Latin America, whose reserves have been boosted in recent years by foreign borrowing or export windfalls, are now especially keen on what bankers

'Although the central banks' overriding concern is to keep their reserves liquid, they are also becoming more income-conscious'

euphemistically call "active foreign exchange management"—in other words, currency speculation.

Many big reserve holders among the oil-exporting countries, on the other hand, act more responsibly. Bankers in New York praise the Saudi Arabian Monetary Agency, whose reserves are believed to be at least $90bn, for its stabilising influence on the market during the dollar's strength of the past 12 months.

"It has been acting in a counter-cyclical manner, spreading its reserves into Deutsche Marks and yen at a time when those currencies have been weak," says one New York banker.

Significantly, many industrialised countries, which a few years ago were content to leave all their reserves in U.S. Treasury securities, have also become more active in switching their investments.

In 1971, the major industrial nations agreed not to deposit foreign exchange reserves on the Euromarket for fear of adding to world liquidity and triggering off an inflationary carousel.

Although the agreement was re-affirmed as recently as 1979, it is no longer operational, according to New York bankers.

Britain and Italy, which made large Eurodollar borrowings during the mid-1970s and re-invested the proceeds on the Euromarket, are named as particular transgressors. "Since Eurodollar deposits carry yields some way above those offered on U.S. Treasury bills, you can hardly blame them," comments one laconic New York foreign exchange expert.

The increased enthusiasm among central bankers for dabbling in foreign exchange has sparked off a rash of activity among commercial banks anxious to pick up lucrative business advising on, or carrying out, the official institutions' multi-billion dollar operations.

Apart from the more carefree central banks of the developing world, several European central banks are believed to have hired the advisory services of private-sector currency pundits.

Following in the footsteps of such banks as Morgan Guaranty, which first launched seminars to bolster central banks' dealing expertise back in 1975, Citibank is inviting Asian central banks and government organisations to a gathering in Singapore in June. There it will be giving advice on reserve asset management—including the subject of how to invest in gold.

Several Asian countries, Indonesia and Singapore among them, have established themselves as important official gold buyers.

Mr. Frederic Bogart, senior vice president at Republic National Bank and one of New York's best known gold dealers, says some Middle East central banks and government institutions have taken advantage of the recent fall in bullion prices to buy stocks at less than $500 an ounce.

Mr. Riehl says he recommends central banks to maintain around 10 to 15 per cent of their reserves in gold.

Commercial banks also offer central banks advice in other areas. Merchant banking group Schroders, which gives advice on a fee-paying basis to a dozen central banks around the world, is now moving increasingly towards advising on the manage-

'The need to manage reserves has become accentuated by volatile currencies—but central banks themselves can add to currency fluctuations'

ment of the liabilities side of their balance sheets, as well as their assets.

Considering today's fluctuations on capital markets, deciding what currency to borrow is as important as selecting the right asset currency, says Mr. Geoffrey Bell, head of Schroders' reserve asset management group.

He particularly advocates greater borrowing and investment use of the special drawing right, the composite currency unit of the International Monetary Fund. This, he says, offers central banks an attractive spread of risks.

Schroder's philosophy is to draw up criteria for diversification of central banks' reserves based on their countries' trade flows and borrowing patterns. Shifts in the percentage share of currencies can then be made according to fluctuations on exchange markets.

Other bankers say central banks are now much more adventurous in using a broader range of financial instruments. A few even use the financial futures markets — the fast-moving markets in forward contracts in currencies, Treasury bills and other debt instruments.

The bond market is also attracting official money. Some recent sterling issues for foreign borrowers on the London capital market have been tailor-made for official investors in the oil states and elsewhere.

At the moment, the Deutschemark is the most important world reserve currency after the dollar, accounting for an estimated 12 or 13 per cent of total currency reserves. But according to Mr. Riehl, sterling is more of a "natural" number two because the breadth and liquidity of UK financial markets is much greater than in such other centres as Frankfurt and Tokyo.

Caracas confident on oil income

BY KIM FUAD IN CARACAS

VENEZUELA'S oil income should grow by more than 21 per cent in 1981, rising from $18bn in 1980 to $21.9bn this year, according to estimates made by the state oil monopoly, Petroleos de Venezuela.

The estimate, prepared for the Venezuelan Planning Ministry, is based on exports of 1.9m barrels-a-day at an average $30.15 per barrel, plus local sales.

The Ministry has reported that overall state income for 1981-85, covered by the sixth national plan, will be $168bn, with oil providing 69.2 per cent of the total.

Planned expenditures for the five-year period are $62.4bn for current expenses, $28.4bn for debt servicing, $22.1bn for oil industry investments, and $28.3bn for new capital investments in electricity, waterworks, housing, the Caracas underground, completion of the Guri dam and expansion of university installations.

Sr. Humberto Calderon Berti, the Energy Minister, has already made clear that Venezuelan crude oil prices will not be affected by the current glut on world markets which has forced other Latin American producers—Mexico and Ecuador—to lower their prices.

N-safety report was 'unfair'

NEW YORK—General Electric has accused federal nuclear safety officials of making an unfair and damaging public attack on the company's nuclear reactors.

The row concerns a report released earlier this month by members of the staff of the Nuclear Regulatory Commission. The report argued that General Electric reactors might have a serious safety problem that had not been recognised previously.

The company believes the report is unfounded and is doubly angry because the findings were reported in the Wall Street Journal earlier this month.

In a letter last week to Mr. Joseph Hendrie, chairman of the NRC, the company's vice-president, Mr. A. Philip Bray, said release of the report was premature and fundamentally unfair because General Electric was not given a chance to comment on the findings.

The safety dispute is over whether a General Electric reactor could develop an uncontrollable leak in its cooling system as a result of a pipe break.

The report recommended that suspect piping on 23 General Electric-designed reactors operating in the U.S. should be checked as soon as possible for signs of cracks or corrosion.

The company concedes that such a pipe break is possible but argues that there are sufficient back-up systems available to protect the reactors. AP-DJ

Additional charges laid against Teamsters' Union

BY OUR WASHINGTON CORRESPONDENT

THE REAGAN Administration has filed additional charges in a three-year-old suit against leaders of the Teamsters' Union for mismanaging and misusing the union's large pension resources.

The Labour Department has asked a Chicago court to add some $270m in transactions by the Teamsters' pension fund to allegations cited in a 1978 civil suit brought by the Carter Administration against Mr. Frank Fitzsimmons, the Teamsters' president and 18 other pension fund trustees.

The suit involves allegations that loans by the pension fund were made without sufficient information on the borrower, that interest rates did not properly reflect risks involved, and that the fund was slow to foreclose on defaulters.

The new transactions cited in the case include loans made to Las Vegas hotels, casinos and to an allegedly bogus Texan land development scheme. The teamsters, which groups truck drivers and a large number of manual workers, is the country's largest trade union, and has its biggest pension fund, with assets of more than $2bn.

It was also the only union whose leadership was openly in favour of President Reagan's candidacy last year.

The Labour Department is headed by Mr. Raymond Donovan, a former executive of a New Jersey building company who ran into trouble during his confirmation hearings over allegation that his company made secret payments to union officials to buy labour peace. The Senate was satisfied that Mr. Donovan had no part in such transactions.

● Mr. David Stockman has cloned himself politically. The Michigan congressional seat which Mr. Stockman vacated to become Budget Director this year has been filled by a 29-year-old bachelor, conservative Republican, Mr. Mark Siljander—exactly what Mr. Stockman was in 1976 when he first won the seat.

Pause urged in pipeline inquiry

BY OUR OTTAWA CORRESPONDENT

CANADA'S National Energy Board has been urged to suspend hearings into extension of a natural gas pipeline from the West to the Maritime Provinces because of uncertainty over federal entrgy policy.

The federal Government's regulatory agency was yesterday asked by the Alberta Petroleum industry and the Quebec government to adjourn the hearings until the stalemate over energy pricing between Ottawa and Alberta has been resolved.

At issue is the industry's contention that Alberta's natural gas producers face reduced net returns if the line is extended to the Maritime Provinces. The C$1.2bn (£466m) project involving extension of an existing gas pipeline from Montreal could be jeopardised by delay, according to pipeline companies.

WORLD TRADE NEWS

Remittances from thousands of workers abroad have proved to be New Delhi's largest foreign exchange earner, **K. K. Sharma** reports

Cash from India's exodus of labourers brings record invisibles

INDIA'S fastest growing export is Indians. Several Jumbo loads fly every day to the Middle East, Europe and the U.S.A. to take up jobs of all kinds. Such is the exodus that remittances from Indians working abroad are the single largest foreign exchange earner for the country.

Inward remittances were thought to have reached a plateau in 1979 and to have declined in 1980 because many contracts in the Middle East were completed by then. To the surprise of officials, this has not been the case. Far from falling, the remittances have increased instead and helped holster the foreign exchange reservs at a critical time.

Remittances are largely responsible for India's improved balance of payments prospects in 1980-81. The visible trade deficit is expected to be more than Rs 45bn (£2.5bn) yet the deficit in the balance of payments is forecast to be not more than Rs 14bn.

This is serious enough and will lead to a Rs 6bn fall in the foreign exchange reserves after taking into account credits from the International Monetary Fund of Rs 8.15bn. Despite this, the reserves are still at the relatively comfortable level of Rs 47bn even after a heavy import bill in 1980-81 of an estimated Rs 110bn, of which oil and petroleum products account for more than 45 per cent.

Officials are still puzzling over the reasons for this. They are pleasantly surprised to find foreign exchange earnings from invisibles have reached the record level of Rs 44bn last year. This is more than double the Rs 22bn in 1978 and almost twice as much again as the Rs 28bn earned from invisibles in 1979.

Earnings from shipping, airlines and insurance have been almost static for the past couple of years while receipts from tourism have increased marginally by just 2 per cent annually. The conclusion is unavoidable that the spurt in earnings from invisibles is due to increased remittances from Indians working abroad.

The boom in such inward remittances began with the construction contracts that the oil-rich Middle East countries started handing out several years ago. Indian companies have won contracts worth about Rs 10bn in Iraq alone and have done almost as well in Saudi Arabia, Kuwait and the United Arab Emirates.

All Indian companies with such contracts fly out hundreds of thousands of skilled, semi-skilled and unskilled Indians to work on the projects. Thousands more are employed by other contractors. Indian wages are relatively low, although the workers in the Middle East earn substantially more than they could at home.

INDIA has fixed a target of Rs 84bn (£4.3bn) for exports in 1981-82, an estimated increase of 9 per cent over the previous year in real terms. The 1980-81 target was Rs 71bn, but it is not yet known whether it was reached, writes our New Delhi Correspondent.

Mr. Pranab Mukherjee, Commerce Minister, feels that an export-oriented policy is essential to ensure the country's development in view of the shortage of foreign exchange as a result of the massive trade gap.

Mr. Mukherjee hopes to initiate policies which will ensure that exports rise by an average of 20 per cent every year which, after taking world inflation into account, would work out to a 9 per cent rise in real terms.

An unskilled worker in India cannot hope to earn more than Rs 300 a month and even this is considered a high income. In the Middle East, earnings are more than ten times this figure with other benefits like free housing, meals and medical care together with return air fares paid by the employers. Incomes of semi-skilled and skilled Indians in the Middle East are considerably higher. So also are their savings most of which find their way back to India, helping to shore up the foreign exchange reserves.

So heavy is the rush to get to the Middle East that flights to and from destinations in the Gulf are always full. Air India and many other airlines have special flights while the domestic airline is planning flights to points like Kuwait and Dubai.

So eager are Indians to get to the Middle East that many unscrupulous "labour contractors" have exploited thousands of illiterates by promising fictitious jobs at a premium. The Government has now started licensing "labour contractors

No accurate figure is available of the number of Indians in the Middle East but unofficial estimates are that it must be close to a million. To these must be added hundreds of thousands who are already in Europe (mostly Britain and West Germany) and the U.S. All regularly send funds back to their families at home. Only recently have they discovered that they can profitably invest their earnings in countries where they work. This has forced the Indian Government to launch schemes with incentives to remit savings back home (such as tax concessions, higher interest rates and liberal terms for investments in new companies in India).

That Indians are investing their savings in third countries while they are abroad is borne out by the fact that the level of inward remittances soared to record levels in September and October last year when the Iraq-Iran war broke out. From the average of Rs 3bn a month invisible earnings rose to a record Rs 7bn in September and Rs 6.4bn in October.

Hong Kong textiles anger

BY OUR FOREIGN STAFF

HONG KONG textiles manufacturers reacted angrily yesterday to EEC complaints over "fraudulent" textile exports from countries allegedly trying to evade internationally-agreed quotas.

The EEC complaints did not mention Hong Kong by name, but were implicitly aimed at the textile exporters of east and south east Asia, like Hong Kong, South Korea and Taiwan.

The clash comes at a time when Hong Kong is nervous about the future of its trading position. Officials and manufacturers see the EEC complaints as part of a slur campaign being mounted in an increasingly protectionist Europe ahead of the crucially important renegotiation of the Multifibre Arrangement (MFA) which controls the international textile trade. Talks are due to begin in two weeks.

A statement from the EEC in Geneva said it plains to reinforce Customs co-operation, information exchange and inspection procedures among the EEC's 10 member states. The aim is to prevent false labelling as a means of disguising the true origin of textile products.

Hong Kong's textile and garment manufacturers say that false labelling practices have been stamped out by stiffer penalties and better detection methods. They claim that if a fraud of this kind occurs, then it is the European importers who are to blame.

The EEC statement augurs ill for the multifibre talks. In addition to the attack on exporters, the statement says the EEC does not intend to allow the usual 6 per cent annual increase in textile quotas, reportedly because of slack demand for textiles inside the Community.

The Community evidently wants to continue controlling textile imports through bilateral arrangements, aiming to "stabilise" imports from "advanced suppliers" like Hong Kong and South Korea, while granting "more favourable treatment" to "less developed suppliers" like Sri Lanka and Indonesia.

Kevin Rafferty in Hong Kong adds: The order books of major Hong Kong manufacturers have lengthened slightly in early 1981.

According to an official survey of the territory's 200 largest manufacturers, the volume of orders in hand increased from 4.1 months in January to 4.2 months in February. This is still well below the average 4.5 months orders in hand in February, last year.

Australia beef producers in trading move

By Patricia Newby in Canberra

THE CATTLE COUNCIL of Australia, which represents beef producers, at its annual meeting this week called on the Government to seek preferential trading arrangements among the Pacific Rim nations, including the U.S. and Canada, to act as a countervailing force against the EEC and to promote trade in the region.

Representatives of the Cattle Council yesterday met Mr. Malcolm Fraser, the Prime Minister, and Mr. Peter Nixon, the Primary Industry Minister.

The Council described Mr. Fraser and Mr. Nixon as "very receptive" to its proposals for Australia to take action against the EEC within Gatt and work towards a preferential trading arrangement in the Pacific basin.

The Prime Minister's office would make no comment.

UK Minister visits Japan

BY CHARLES SMITH IN TOKYO

MR. KENNETH BAKER, Britain's Minister for Industry and Information Technology, arrived in Japan yesterday for a four-day exchange of views on ways to increase Anglo-Japanese co-operation in technology development.

During his visit, Mr. Baker will meet the Ministers of International Trade and Industry and Posts and Telecommunications and the presidents of major technology-oriented companies such as Hitachi, Fujitsu and Nippon Electric.

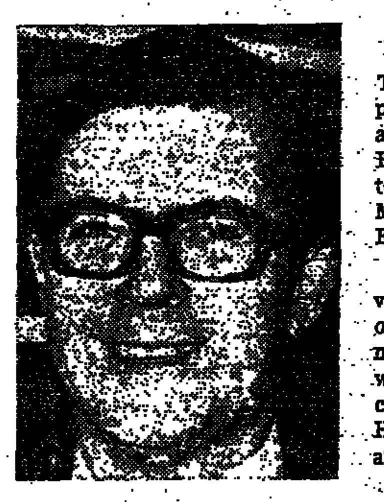
Two other important meetings will be with the president of Nippon Telegraph and Telephone and Dr. Saburo Okita, Japan's special representative for trade.

Britain has traditionally run a surplus on its technology trade with Japan—payments for know-how and licensing agreements—however, the rapid advance of Japan in communications-related technologies in the last few years has made it likely that in future the UK could benefit by absorbing more Japanese know-how. This appears to be one of the reasons for Mr. Baker's visit.

Another reason is Britain's interest in tendering for NTT procurement contracts following the (partial) liberalisation of Japanese government procedures as a result of the last round of Gatt negotiations.

The extent to which this will be possible remains in doubt, in part because of continuing barriers to foreign participation in UK government procurement.

Sir George Jefferson, head of British Telecoms, is accompanying Mr. Baker on his visit to Tokyo.



Mr. Kenneth Baker: holding four days of talks in bid to increase Anglo-Japanese co-operation on technology

Tokyo plans EEC trip for former envoy

By Our Far East Editor

THE JAPANESE government is planning to send Mr. Hideo Kitahara, a former ambassador to France, as a special emissary to the EEC in advance of Prime Minister Zenko Suzuki's planned European tour.

Mr. Kitahara is expected to visit France and a number of other EEC member countries next month and to hold talks with high-ranking officials according to the Foreign Ministry. His talks will cover political and economic issues.

The background to the mission is rising Japanese concern about trade frictions with the EEC and its desire to obtain some understanding on trade issues before Mr. Suzuki's tour.

هكذا من الاصل

Fokker sells Friendship aircraft to Libya

BY CHARLES BATCHELOR IN AMSTERDAM

FOKKER, the Dutch aircraft manufacturer, announced the sale of eight turboprop F-27 mark 600 Friendships to Libyan Arab Airlines (LAA) in a deal worth about Fl 96m (£17.3m).

Fokker does not reveal the value of individual orders but the basic F-27 costs about Fl 12m. The aircraft, with seating capacity of 44, will be delivered in 1982 and 1983.

They will be used to operate domestic routes and will allow the airline to serve a number of new destinations including several small oases. They will also be used for charter flights to development projects in Libya.

Ten F-27s in use with LAA will be chartered out to oil companies operating in the country. These companies including Oasis, Mobil, Occidental, Arabian Gulf Oil, Esso and Agip, have a growing need for aircraft because of extensions to concessions and increases in exploration work.

The sale of the F-27s to Libya brings total sales to 727 and to 158 users in 63 countries, including 205 aircraft built under licence by Fairchild in the U.S.

Fokker has reported a strong surge in sales of the 20-year-old F-27 following the sharp rise in the price of aviation fuel and the deregulation of U.S. domestic routes, allowing airlines to fly larger aircraft.

Baghdad deal for Yugoslavs

BELGRADE—Energoprojekt Business System of Belgrade has won a contract in Iraq valued at $150m (£70m) for the reconstruction of the main street in Baghdad and the building of housing and businesses, a company official said.

Energoprojekt has also concluded a $120m contract in the country for construction of an irrigation system.

AP-DJ

France wins Indonesia order

By Terry Dodsworth in Paris

SPIE-BATIGNOLLES, the French construction company has won a FFr 425m (£40m) order to double the size of the Petrokimia phosphate plant in Indonesia.

Meanwhile, Vallourec, the French pipe company, yesterday announced three overseas contracts worth a total of about FFr 400m. The agreements all involve wide-diametre steel pipe

ICI expects better first quarter profits

By Sue Cameron, Chemicals Correspondent

IMPERIAL CHEMICAL Industries, Britain's biggest manufacturing company, expects to report improved profitability for the first three months of this year after nine months of recession when it announces its results for the first quarter of 1981 next week.

Sir Maurice Hodgson, chairman, told the group's annual meeting in London yesterday that sales volumes last month had been "encouragingly higher" than at any time since June. Costs had also fallen in March of this year and given "some benefit" to the group.

The increase in sales volume plus the drop in costs "should result in our being able to report an improvement in profits for the first quarter," said Sir Maurice. However, he warned shareholders that it was still "too early to say whether this amounts to a sustained recovery or not."

Earlier this month, official Government figures showed that the UK output for chemicals and allied products was almost 1.5 per cent higher between December and February than it had been in the previous three months.

But Sir Maurice said yesterday that ICI's sales volume in January and February this year had shown "no significant improvement over the levels for the previous six months, and selling price increases were not sufficient to give any real recovery in margins."

ICI reported a 54 per cent drop in pre-tax profits in 1980 compared with 1979. Last year, it cut the dividend for ordinary shareholders for the first time since 1938.

Sir Maurice told shareholders yesterday that when the board had decided to cut the dividend in February this year the outlook for the rest of 1981 "had become even more uncertain."

Last year, the group had been hit by the recession and by the strength of sterling; and by this February the board was forced to the conclusion that "conditions would remain very tough for UK manufacturers and exporters." Results for 1981 would therefore be "poor."

In spite of last year's drop in profits and the cut in the dividend, shareholders seemed to be in a subdued mood. Calls for directors to take a cut in pay received only half-hearted applause. Sir Maurice parried by saying that he had voluntarily given up the bonus to which he was entitled on top of his £135,000 a year salary.

One shareholder raised the subject of animals used in laboratory research and said he had read a newspaper court report of a man in Pembrokeshire who had been "coshing cats" for a year for ICI.

ICI replied that the animals it used were bred by the company in sterile conditions. It would have no use for any killed by coshing. It knew nothing about the Pembrokeshire allegations.

Irish MPs report on Sands visit

By Stewart Dalby

THE THREE Irish MPs rebuffed by Mrs Margaret Thatcher over their request for a meeting about hunger striker, Mr. Bobby Sands, yesterday had an interview with Mr Brian Lenihan, the Irish Foreign Minister.

The three MPs, Mr. Niel Blaney, Miss Sile de Valera and Dr John O'Connell, reported to Mr Lenihan on their visit to Mr. Sands in the Maze Prison outside Belfast at the weekend.

They hoped that, after the Prime Minister's abrupt refusal to see them, the Irish Government would press matters.

After talking to the MPs for three-quarters-of-an-hour, Mr Lenihan said he would report to Mr Charles Haughey, the Irish Prime Minister.

Mr Lenihan said he thought one interpretation of Mrs Thatcher's refusal to see the MPs was the question of protocol involved and that she may have been seeking a meeting between heads of government.

Mr Lenihan said he shared with the MPs the view that should Mr Sands die there could be a terrible outbreak of violence in Northern Ireland.

Mr Sands, who was recently elected British MP for Fermanagh, South Tyrone, in a by-election, is in the 54th day of a hunger strike. His weight is apparently down to seven stone and he was given the last rites on Saturday.

In a separate development five members of the National H block Committee from Fermanagh asked Dr Gaetano Alibrandi, the Papal Nuncio in Dublin, to convey the concern of the people of Northern Ireland to the Pope.

Gas oil price drops

THE PRICE of gas oil—mainly used to make heating oil—has fallen sharply in the past fortnight. The main reasons for the drop in price are the world glut of crude oil and oil products and the weak demand for heating oil during a mild winter.

Optimistic big stores are taking more despite the Budget

BY DAVID CHURCHILL

Spending in the shops has been better than expected since the Budget, according to a survey of major retailers carried out yesterday.

Sales in the first three months of this year were high but Department of Trade figures published yesterday show that while trade continued to fall back from the January level last month, it was still better than at the end of last year.

The provisional estimate of the volume of sales in March is 111.5 (1976=100, seasonally adjusted). This compares with 112.9 in February and 114.0 in January.

Trade in the first three months of this year was 3½ per cent higher than in the last quarter of 1980. Officially, this is said to reflect the lengthening of annual sales, the fact that they were more buoyant than normal and pre-Budget buying.

Price increases for a wide range of items included in the sales index (notably clothing) have been very low. This is shown by an increase of only 8 per cent in the value of retail sales in the year to March, although volume is estimated to have risen by 1.6 per cent.

There has been considerable uncertainty about whether sales would fall back following the Budget increase in indirect taxes on alcohol, tobacco and petrol.

Yesterday, however, the major store groups appeared relatively optimistic although many main selling lines were not directly affected as Value Added Tax was unchanged.

● Mr. Leslie Porter, chairman of Tesco, said: "Sales have gone well since the Budget, with non-foods ahead of food."

● Argos, the discount stores chained owned by BAT Stores, said the past four weeks were "better than anticipated."

● Mr. Roger Jones, joint managing director of F. W. Woolworth, said: "Sales have held up since the Budget."

A note of caution was added by the John Lewis Partnership which said that "last week (ending April 11) should have seen the peak of the pre-Easter trade but it failed to meet the previous week's figures."

The main boost to trade appears to have been the warmer weather — which helped sales of gardening equipment and clothes.

Many stores groups are also carrying out vigorous promotional campaigns, often at the expense of the small shops.

Woolworth's, for example, says that its "Crackdown" price-cutting campaign has helped it to increase sales by more than 10 per cent by value on the same period last year. It says such growth would have been unlikely without special promotions.

Tesco is also promoting non-foods such as gardening equipment and claimed yesterday that Berger's decision to cut off some paint supplies because of its discount prices had substantially boosted paint sales.

Some electrical goods chains, such as Rumbelows, report that television and video sales are higher than expected. But there is no general agreement on when any real upturn in consumer spending is likely to emerge.

Another partner disappears from British Steel's Phoenix 2 project

Four private steelmakers were up against the wall

With BSC they talked and talked, and then there were two . . .

Alan Pike reports

WHEN THE British Steel Corporation began talks with the private sector on the rationalisation of engineering steels production there were four major companies involved—Duport, Hadfields, GKN and Round Oak.

The talks on the Phoenix 2 project to reduce engineering steels capacity, and establish a new company jointly owned by BSC and the private sector, have yet to come to fruition. Meanwhile heavy losses have forced two of those four companies to close down production facilities and declare large numbers of workers redundant.

In February Duport announced the closure of its modern Llanelli, South Wales, steelworks with the loss of more than 1,100 jobs and the temporary transfer of its steel processing activities to BSC.

This was followed yesterday by the announcement that Hadfields, part of Lonrho, is to make 1,900 ofi ts 2,600 workers in Sheffield redundant.

Mr. Derek Norton, Hadfields' chairman, at an emotional meeting of the workforce at the Hillsborough football stadium yesterday morning, left no doubt about where he believed the blame for the lost jobs should rest.

During the past four years, he said, Hadfields had done everything the present Government advocates for survival. Its labour force had dropped by 52 per cent from 5,400 to 2,600, productivity had increased and in June 1980 Hadfields was profitable.

"The point I wish to emphasise is that profitable, hard-working and loyal steelmakers are to be sacrificed at the expense of the judge, jury and hangman attitude of the present Government and nationalised steel corporation."

Mr. Norton said that throughout the Phoenix 2 talks BSC had been interested only in the total closure of Hadfields, with all employees made redundant at the company's cost.

Hadfields was not prepared to accept this, but Lonrho could not go on sustaining the present level of losses—£1m per month since last July—indefinitely.

Hadfields proposes to continue its Sheffield operation as an independent specialist steel producer outside BSC control, but on a much-reduced scale. Its Leeds Road plant will close completely and its other location — East Hecla — will continue with a reduced workforce.

The company is likely to try to develop markets which avoid direct competition with BSC and any private companies which eventually join it in the Phoenix 2 engineering steels project. Yesterday's announcement is a double blow to the Hadfields workers. Not only will most of them lose their jobs, but their redundancy payments are likely to be only a fraction of what many redundant BSC workers have received during the closures of the past 18 months.

Mr. Norton—not alone among private steelmakers—alleges bitterly that since last winter's national steel strike BSC has used its heavily subsidised position to sell steel at prices which even the most efficient private companies have no chance of matching. This is emphatically denied by BSC.

BSC would have resisted any attempt to force it to keep Hadfields open as part of a new company—Hadfields' production facilities at Sheffield are not among the most modern in the industry.

BSC would have been opposed to the idea on capacity grounds at least as much as on the nature of the equipment. The purpose of Phoenix 2 is to reduce capacity in engineering steels, which was around 3.4m tonnes a year before Duport's Llanelli works closed, and this cannot be done without casualties.

Llanelli contained some of the newest electric-arc equipment in Britain, but it did not save the plant.

Agreement is close on the future of Round Oak's West Midlands works. This company is jointly owned by BSC and Tube Investments. Under the arrangements being discussed BSC would buy out TI's 50 per cent share and close part of the steelworks.

The real key to the rationalisation of engineering steels depends upon the outcome of negotiations between BSC and GKN. I

Agreement was reached recently between the two on a less ambitious 50-50 joint project—Allied Steel and Wire, with a £200m turnover. If the Phoenix 2 negotiations are eventually successful it would produce a second joint venture with a turnover of around £500-£600m. GKN said yesterday only that talks were continuing.

After many months of hard negotiation there is still no guarantee that Phoenix 2 will succeed. The Government, however, has a political interest in a successful outcome, and would like to see the issue resolved before the end of the present Parliamentary session.

Corruption claims at BL plants

By John Griffiths

Police are investigating allegations of corruption at BL plants at Bathgate, Scotland, and in the Midlands.

The investigation has arisen out of police inquiries involving a non-BL company at Llanelli, West Wales, where BL has two components plants.

Detectives led by Detective Chief Superintendent Roy Davies working from Llanelli are involved in the inquiries, which may last for several more weeks. A file is then expected to be sent to the Director of Public Prosecutions.

Police confirmed last night that a man had been charged in connection with the Llanelli investigation but would give no details.

A BL spokesman said: "We are aware that a police investigation is taking place but we can make no further comment at this stage."

However, it is understood that at least one BL employee has been suspended.

London's housing 'heading for disaster'

LONDON'S HOUSING is heading for disaster, according to a report published today by the London Housing Aid Centre.

The report says that contrary to claims by the Greater London Council, the housing shortage will persist well into the middle of the decade and 1986 there could be a shortfall in homes of up to 323,000.

According to the report, about 635,000 London homes—one in four—are substandard and the number is growing.

Further changes at Chloride group

THERE HAVE been further boardroom reshuffles at the Chloride group following the dismissal last month of Mr. John Ray, then chief executive.

Mr. Michael O'Loughlin takes over the chairmanship of the group's European operations from Mr. Ken Hodgson, the new chief executive. Mr. Alex Stitt will replace Mr. Jim Gilchrist as head of Chloride's U.S. operations.

Asiatic art works sold at Christie's

AN ISLAMIC glass polychrome mosque lamp dating from the late 15th century sold for £17,000, plus the 11.5 per cent buyer's premium and VAT, at Christie's yesterday in an auction of Asiatic works of art.

Spink paid £7,000 for a Swat Valley bronze figure of Padmapani of the 8th century and a Chloa bronze of Rukmini brought in £6,000. The sale totalled £167,288.

Banker leaves £2.4m

BANKER Sir Cyril Kleinwort, former chairman of Kleinwort, Benson, who died at his home at Bourton-on-the-Water, Glos., aged 75, left estate in the UK valued at £2.4m gross, £1.6m net, in his will published yesterday. He left his property to his wife and family.

Machine plant cuts

FALLING demand for its specialist sugar cane crushing machinery has caused Fletcher and Stewart, a subsidiary of Booker McConnell, to make 150 workers redundant at its Derby factory. Voluntary redundancies are being called for.

Raleigh referred to Monopolies Commission over trading practices

David Churchill looks at the background to investigations under the Competition Act

TI RALEIGH Industries, the bicycle manufacturing subsidiary of Tube Investment, yesterday became the first company to be referred to the Monopolies and Mergers Commission under the *Competition* Act.

The formal referral to the commission was made by Mr. Gordon Borrie, director general of fair trading. It followed the OFT's six-month investigation into allegations that Raleigh had refused to supply cut-price multiple retailers with some of its main brands.

The OFT concluded, in a report published at the end of February, that Raleigh's refusal to supply some retailers was an anti-competitive practice under the terms of the 1980 Competition Act.

However, the OFT was unable to refer the case to the Monopolies Commission for a further investigation to determine the public interest until Raleigh had been given time to make representations.

The OFT said yesterday it had "not received any acceptable undertaking from the Raleigh group."

Under the procedures laid down by the Competition Act, the investigation of anti-competitive practices by single companies has two stages.

The OFT first has to establish whether the anti-competitive practice exists and, if so, the Monopolies Commission then has to decide whether it is against the public interest.

The Raleigh investigation is an important test case not only of the Competition Act's procedures but also the long-running issue of whether manufacturers have the right to refuse to supply cut-price *retailers*.

Raleigh says that if it supplied cut-price retailers this could force many small bicycle shops out of business. Small dealers, it argues, are important in servicing bicycles and thus improving road safety.

The OFT's terms of reference to the Monopolies Commission say the investigation should cover Raleigh's criteria for supplying retailers. These criteria include "geographical location, loss leading (other than in circumstances specified in section 13 of the Resale Prices Act 1973), non-availability of technical advice, servicing facilities, stocks of spare parts or—when it is applied in a discriminatory fashion—commitment."

The commission has six months to complete its investigation, although this can be extended to nine if necessary. In the two public sector investigations carried out by the commission, one report was prepared within six months but the other was extended to nine.

The commission has to confirm the OFT's findings that an anti-competitive practice has occurred during the previous 12 months. This first stage of investigation is not just a formality, since the commission has to establish for its own purposes that the practice referred by the OFT is anti-competitive within the broad definition laid down in the Competition Act.

It is unlikely that the commission would overturn the OFT's conclusions.

The main part of the commission's work is the complex question of determining public interest. The commission is guided in this by the criteria laid down in section 84 of the Fair Trading Act 1973 (which also governs monopoly and merger investigations).

These "public interest" criteria include:

- Maintaining and promoting effective competition in the supply of goods and services in the UK.
- Promoting the interests of consumers, purchasers, and users of goods and services in the UK over prices, quality and variety.
- Promoting the reduction of costs, the development and use of new techniques and new products, and the entry of new competitors.
- Maintaining and promoting a balanced distribution of industry and employment in the UK.
- Maintaining and promoting competitive activity in markets *outside the UK* on the part of UK producers.

The commission has powers to make people attend its hearings and to produce documents, estimates, and other information. It can also take evidence on oath.

The commission produces its report for the Secretary of State for Trade and if it concludes the practice is against the public interest, then it has to give reasons. The commission *can also* recommend the action to remedy anti-competitive behaviour.

The Trade Secretary will normally ask the OFT to seek undertakings from the company concerned to end the anti-competitive behaviour as outlined by the commission. If the company refuses, the Trade Secretary has powers to force the company to change its trading practices. These powers are specified in part one of schedule eight of the Fair Trading Act.

It is by no means certain the commission will conclude that Raleigh's refusal to supply some retailers is against the public interest. In a report published in 1970 the commission ruled that refusal to supply retailers was not automatically against the public interest.

Raleigh said yesterday that "what is fundamentally at issue in the investigation is whether or not a dominant manufacturer is to be permitted to operate a selective distribution system."

Although the Raleigh case is at last making some progress—it was started last August—the OFT is having problems producing its preliminary report into the trading practices of Petter Engineering. This investigation was started at the same time as the Raleigh probe. An examination of Sanderson Wallcoverings' refusal to supply certain retailers was started last December, and in March the OFT began investigating alleged anti-competitive behaviour by the Sheffield Newspaper group.

Loss-making Borthwick appoints chief executive

BY JOHN MOORE

THOMAS BORTHWICK and Sons Britain's largest meat trader which plunged into losses of £10.5m in its last financial year, has appointed Mr. Dennis Carey as chief executive.

Mr. Carey, 49, was previously vice president for European affairs of Morton Chemical Company of Chicago.

Mr. Carey, headhunted by management consultants, will be paid £40,000 a year.

His previous career was with Coates Brothers as group managing director after a period as managing director of its Australian subsidiary. Before that he was with Imperial Chemical Industries.

Mr. Richard Wheeler-Bennett, Borthwick chairman, said yesterday: "We wanted a good chief executive with a strong management expertise."

In January Borthwick disclosed pre-tax losses of £10.5m for its financial year ending September 1980 compared with pre-tax profits of £7.3m in the previous year.

The large loss led to Borthwick making new arrangements with its bankers in an effort to restructure the group's high borrowings.

False alarms trouble police forces

BY JAMES McDONALD

ONE OF the greatest problems affecting British police forces was the "unacceptably *high" rate of false alarms* by intruder alarms, Mr. S. E. Bailey, Chief Constable of Northumbria Police, said in London yesterday.

Mr. Bailey, who has chaired a working party of the Association of Chief Police Officers which considered the problem, pointed out that recent statistics had revealed *a false alarm rate in Britain* of about 98 per cent.

"While there may be strong arguments against the accuracy of these figures, I think everyone will agree that the false alarm rate is unacceptably high and needs to be *urgently reviewed*," he said in a paper at the International Fire, Security and Safety Exhibition and Conference at Olympia.

He recalled that the Romans kept geese *to* warn of visitors. "But, like some latter day systems, the benefits of protection were quite often exceeded by the inconvenience and uncertainty of geese being able to discriminate between friend and foe."

Mr. Bailey recognised the efforts made by trade associations within the security alarm industry—which has an annual turnover of between £50m and £60m—to introduce minimum standards, such as the BS 4737, but he pointed out that these standards could be applied only to members of the associations.

"There are no statutory requirements for the installers of intruder alarms to register or otherwise, and the opportunity for anyone to commence a business in this field is relatively simple. This is somewhat exacerbated by the ability of convicted criminals to gain employment within the industry and even to set up alarm companies."

An investigation into false alarms *in 1974*, commissioned by the Home Office, found that alarm system design or layout, equipment failure and equipment "mismatch" with physical environment accounted for 75 per cent of the false alarms. Human error — subscribers' error — accounted for 25 per cent.

Interested parties — the police, alarm companies and the Post Office—took different views, however, of what constituted a false alarm, said Mr. Bailey.

Queen will inaugurate Sullom Voe terminal

BY MAURICE SAMUELSON

EUROPE'S largest oil and gas terminal, at Sullom Voe, will be inaugurated by *the* Queen on May 9 when she visits Shetland with Prince Philip and King Olav of Norway.

The terminal is designed to process and export the oil from the fields in the East Shetland basin.

Major additions have helped to raise the projected *cost from* the £680m *forecast* three years ago to £1.2bn. By the end of last month, total spending had reached £950m. It has now fallen to £18m a month from a peak of £24m a month.

British Petroleum, which is constructing and operating the terminal, said yesterday that 58m tonens of crude had been exported by tanker from there since the first loading in November 1978. Sullom Voe is currently handling nearly half the country's oil production and this will reach two-thirds in the mid-1980s.

Crude and gas processing facilities are being brought on stream progressively and next year the terminal will be able to handle 1.4bn barrels of unstabilised crude oil a day.

Caithness launches drive to attract industries connected with Moray Firth oil

THE WINDSWEPT north-eastern tip of Scotland has launched a drive to attract oil related industries as new offshore production develops in the Moray Firth.

Authorities in Caithness County and the town of Wick—a few miles south of John O'Groats—are hoping to lure companies *affiliated with* 10 blocks allocated in the Firth recently or about to be granted production licences by the Department of Energy.

The blocks lie between 16 and 55 miles off the east coast of Caithness and the central block is only 20 miles from Wick as opposed to 70 miles from Peterhead and 100 miles from Aberdeen. This proximity combined with good communications and room for growth make local authorities confident that the region will become increasingly linked with North Sea oil and provide an alternative to the established oil service centres *in the region*.

Wick, Scotland's fishing capital in the last century has, with two exceptions, been largely by-passed by the industrial spin-off from offshore production.

Fishing is not as it used to be and local politicians report a general feeling that it is Wick's turn to benefit from new industrial development.

But this welcome is more guarded by residents afraid of the effect some of the close in-shore production could have on the beautifully desolate and unspoilt shoreline.

An information pack put to*gether by local authorities and* industries has been sent to operators planning to work in the Moray Firth. Several inquiries and visits by industrialists have already been lined up, according to Mr. David Jones, Area Development Officer and secretary of the Caithness Joint Working Party.

The party is made up of members of the district council, the Highland regional council, the Highlands and Islands Development Board, the Civil Aviation Authority and two local industries already active in offshore work, Kestrel Marine and Osprey Electronics.

"*We feel we can now get* a slice of the North Sea business," said Mr. Jones. Mr. David Morrison, area officer with the Highlands and Islands Development Board said developing in Caithness will help spread the oil industry load. It will decentralise the industry from Aberdeen and help spread the wealth."

Wick has no pretentions of becoming another bustling Aberdeen, but the town, with its 8,000 population, hopes to appeal to smaller companies which have not already established central bases in Scotland.

About 120 people from Caithness, *which as a region has* a population of 28,000, already work in petroleum related jobs. But many commute to the Shetlands to the north for their work.

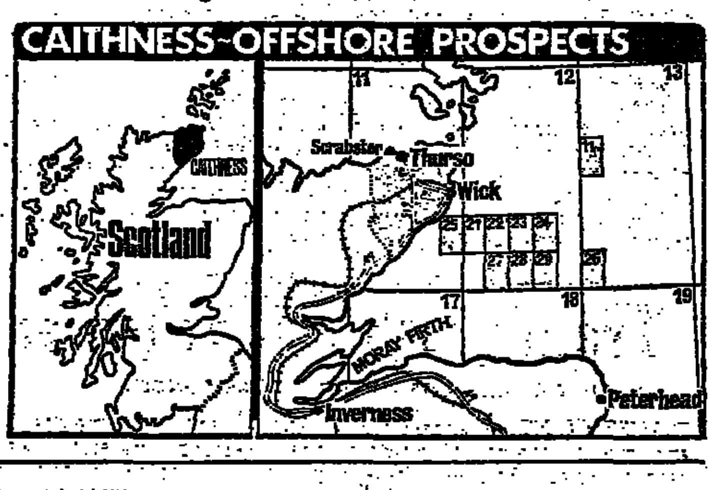
The Caithness working party feels that skilled labour would be readily available or be attracted back if the demand was there.

The river harbour has been dredged and quays built up by Kestrel Marine which already operate it as a service base. The company also builds pipelines a few miles up the coast.

In exceptionally bad weather, the small port of Scrabster on the north side of the peninsula in Turso Bay acts as a standby for Wick.

The airport is a former RAF wartime bomber base. It has a small reception lounge, control tower and two large weather-beaten but serviceable hangers.

CAITHNESS-OFFSHORE PROSPECTS



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Government urged to tackle Wales' high unemployment

LOCAL AUTHORITY leaders in Wales want the Government to give priority attention to tackling the growing unemployment crisis in the Principality.

Wales will probably have the worst unemployment rate in Britain within a year with about 190,000 on the dole—double the figure of 12 months ago—a report by the Institute of Economic Research at Bangor University said yesterday.

The report was presented to a joint conference of the Welsh Counties Committee and the Council for the Principality, which together represent every county and district council in Wales.

The conference at Wrexham was called because of the continuing concern at the growing dole queues in Wales, caused chiefly by the decline of the Principality's basic industries of coal and steel.

The conference decided to establish a standing committee to monitor the unemployment situation in Wales. Welsh MPs are being asked to maintain the pressure on the Government to intervene with aid.

The Government's economic policy was harshly criticised by delegates. But one of the guest speakers, Sir Anthony Meyer, the Conservative MP for West Flint, said that Britain needed to make its industries competitive. The Government's "extremely nasty medicine" was at last beginning to produce.

The country was never going to return to the level of full employment in industry as known in the 1950s and 1960s, he said.

Enormously productive industries with very small workforces would produce wealth for the country, and enable public services to be improved.

The level of unemployment *in the younger age group* was emphasised at the conference. More than half of the 18-24 age group in the Rhondda area of South Wales are unemployed, it was pointed out.

There were calls for local authorities to be given more powers to regenerate industries in their areas.

Shipping slump hits the Mersey

The extent of the shipping *slump which has hit the* Mersey in the world recession is shown in figures released by the Liverpool Steam Ship *Owners' Association*. The association describes the amount of business handled through the Port of Liverpool *last year* as "very disappointing."

All sections of the industry (deep-sea, coastal and container traffic) showed a marked decline. The foreign and coastal cargo which was handled dropped by 19 per cent and goods through the port were down to 12.45m tonnes, a drop of almost 3m tonnes.

The number of ships calling at the Port was down by 812, to 6,041. The Mersey lost 957 berthings over the past two years. A further 468 calls were lost on the coastal traffic.

The container trade, mainly through the showpiece £50m Royal Seaforth Dock complex, showed a further decline.

At its annual general meeting on June 25, Mersey Docks and Harbour Company will report for the year a trading loss of £3,859,000. Much of this is due to fallback pay to dockers.

Vauxhall and Opel off to a flying start

John Griffiths examines General Motors' progress in seeking a larger share of the car market

WITHIN 10 days of the announcement from Vauxhall and Opel that their UK dealer and wholesale operations were to be combined about 350 applications for joint franchises arrived at Vauxhall Motors' Luton headquarters.

More than half the 579 Vauxhall and 224 Opel dealers are accounted for and applications are still pouring in.

When the plan to merge the outlets was announced on March 31 dealers were told that the *official starting* date was January 1, 1982, but that they could apply for the additional franchise meanwhile. . . .

Veteran

Their response is providing an "outstanding" start to the drive by General Motors' two European offspring to capture the larger slice of the UK market which hitherto has eluded them, according to Mr. John Bagshaw, Vauxhall's new UK cars marketing director. He is charged with setting up the marketing organisation.

A GM veteran of 33 years Mr. Bagshaw held senior posts in Detroit and in his native Australia.

Vauxhall has a UK market-share of about 7 per cent. Opel, which for some years has been entrusted with all European car development and whose models differ from Vauxhall's in little more than badging and trim, has under 2 per cent.

Together they trail far behind their multinational rival Ford, the UK market leader with a share *of more than* 30 *per cent*.

There are differences in the size of the two UK operations. This partly explains the gap. Ford, *for example*, has a dealer network of 1,200 compared with Vauxhall-Opel's 800.

Yet the latter's model range *is generally regarded as being* competitive with Ford's while its J-car (successor to the Vauxhall Cavalier/Opel Ascona *which has sought to rival* UK market-leading Ford's Cortina) is due this autumn, a year ahead of Ford's own Cortina replace*ment*.

Mr. Bagshaw points to two other main reasons for the gap. The first is the absence of a *truly small car to compete in* the Ford Fiesta/BL Metro/Renault 5 bracket. "That's 25 per cent of the market we've not been able to scratch," he said. That will be remedied when GM's new S-car comes on stream at Zaragoza, Spain, in 1983.

The second, he said, relates to "a long history of broken promises by Vauxhall," particularly in regard to fleet markets—peculiarly important in Britain where almost 70 per cent of new cars are bought by businesses.

In the battle for fleet sales, "often we weren't competitive, on our pricing or on our delivery promises. Our lead *times have been bad and there* have been shortages of supply where often there should not have been." In short, "most of *our problem is that we've been* our own worst enemy."

The two companies are out to redress the balance, helped by a *recent marked improvement in* Vauxhall's productivity and labour relations. The immediate goal for the combined franchises *is to provide extra selling* strength for both ranges and to broaden service coverage for customers.

Later, provided GM's expectations of growth in the UK car market after the recession are fulfilled, it is expected to expand on the joint network to provide about 1,000 dealers by the mid-'80s.

Duplication

In a sense Vauxhall and Opel seek to apply to their UK marketing operations the economies of scale being achieved with the actual manufacture of cars. (The Vauxhall range is based entirely on Opel designs with many common components. Indeed about 40 per cent of Vauxhall's output is assembly of Opel-supplied kits.)

In the past the marketing machines of Vauxhall and Opel have competed with each other and the existence of two *separate wholesaling networks* has inevitably produced a huge amount of unnecessary paperwork duplication.

Over the next three months these systems, from ordering procedures to deployment of sales district managers, will be *integrated*.

But there remains considerable difficulty in deciding what sort of images the two marques *should project*.

Currently the image of neither is clear. "Both operations have been trying to be all things to all men," said Mr. Bagshaw. "And what the two marketing units were trying to put across was sometimes contradictory. We now have to take a rationalised approach to maximise on all the opportunities.

"For example, for Opel there is a percentage in the snob appeal of a high-quality imported car. There is another percentage for Vauxhall in the perception of buying British — a factor which also tends to loom large in company-fleet purchase decisions."

The implications for the future of Vauxhall as a manufacturer equally remain unclear. Increasingly, Vauxhall unions have voiced fears that the company will wind up as only an assembly operation for Opel-supplied components. They have been lobbying MPs to urge the Government to insist that Vauxhall cars should have a minimum content of UK components and manufacture.

However, Mr. James McDonald, GM's president, announcing earlier this year a further injection of £105m into Vauxhall (expected soon to report another substantial loss for last year) denied this would happen.

This year Vauxhall's Ellesmere Port plant is to start assembling the Vauxhall Astra hatchback, previously imported built-up from West Germany, and Luton the J-car. But initially at least the components for these will also be supplied by Opel.

There remains the intention to substitute UK parts as and when practicable but Mr. McDonald made clear that "future investment at Vauxhall must be based on the success of the UK operations and the support of all elements of the work force."

The net effect of all the changes, said Mr. Bagshaw, *could* be a *greater not a diminished* role for Vauxhall in producing cars.

"What is most likely to happen is that the UK will become another source of production availability. Our plant-relations are now good and there is no reason in the world why the UK shouldn't build Opels as well as Vauxhalls."

Racism 'permeates health service' claims council

THE National Health Service "institutionalises and perpetuates" racism claims the community health council of the London Borough of Brent, which contains one of the country's biggest immigrant *populations*.

The council, in a report called Black People and the Health Service, alleges that "racism permeates every aspect of the NHS, from its recruitment policies to its assumption of the superiority of white diets, family systems, traditions of healing and approaches to child rearing."

Describing what it calls new forms of control, the report sees sinister implications in the introduction into Britain of contraceptive injection banned in the U.S. but widely used in the third world.

It regards this as an attempt to control black fertility and *claims that the contraceptive*, Depo Provera, is administered primarily to poor working class women and that half the prescriptions are to blacks.

The health service is also accused of complicity in the surveillance of illegal immigrants and the council quotes black people who say they have been asked to produce their passport when seeking hopsital treatment.

Train crash report issued

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

INSUFFICIENT supervision and quality control of welders used by British Rail contributed to the failure of a rail weld which caused an express train to crash at 96 mph on the West Coast main line at Bushey in February last year, according to a Government report pub*lished* this week.

Of the 150 passengers on the train 48 were injured in the crash and 19 were detained in hospital.

The report was by the Railway Inspectorate of the Transport Department. It concluded that the welders probably had not created a sufficient gap in cutting the rails to make the *weld*.

As a result the moulds for the welding material were positioned incorrectly and the "design requirements for making a satisfactory weld between two rail ends could not be achieved," the inspectorate said.

The report says the BR board, which undertook a detailed investigation, proposed to increase the number of welding supervisors and the technical supervision and control on the regions, and to ensure uniformly high standard levels.

The inspectorate recommends that a permanent-way supervisor on-site should play some part in supervising welders.

Boost for fire equipment

BY JAMES McDONALD

THE potential for growth in the fire protection equipment industry looks promising as companies become more *security* conscious, says an ICC Business Ratios report.

There will also be an increasing sophistication and wider application of *electronic* technology in the products.

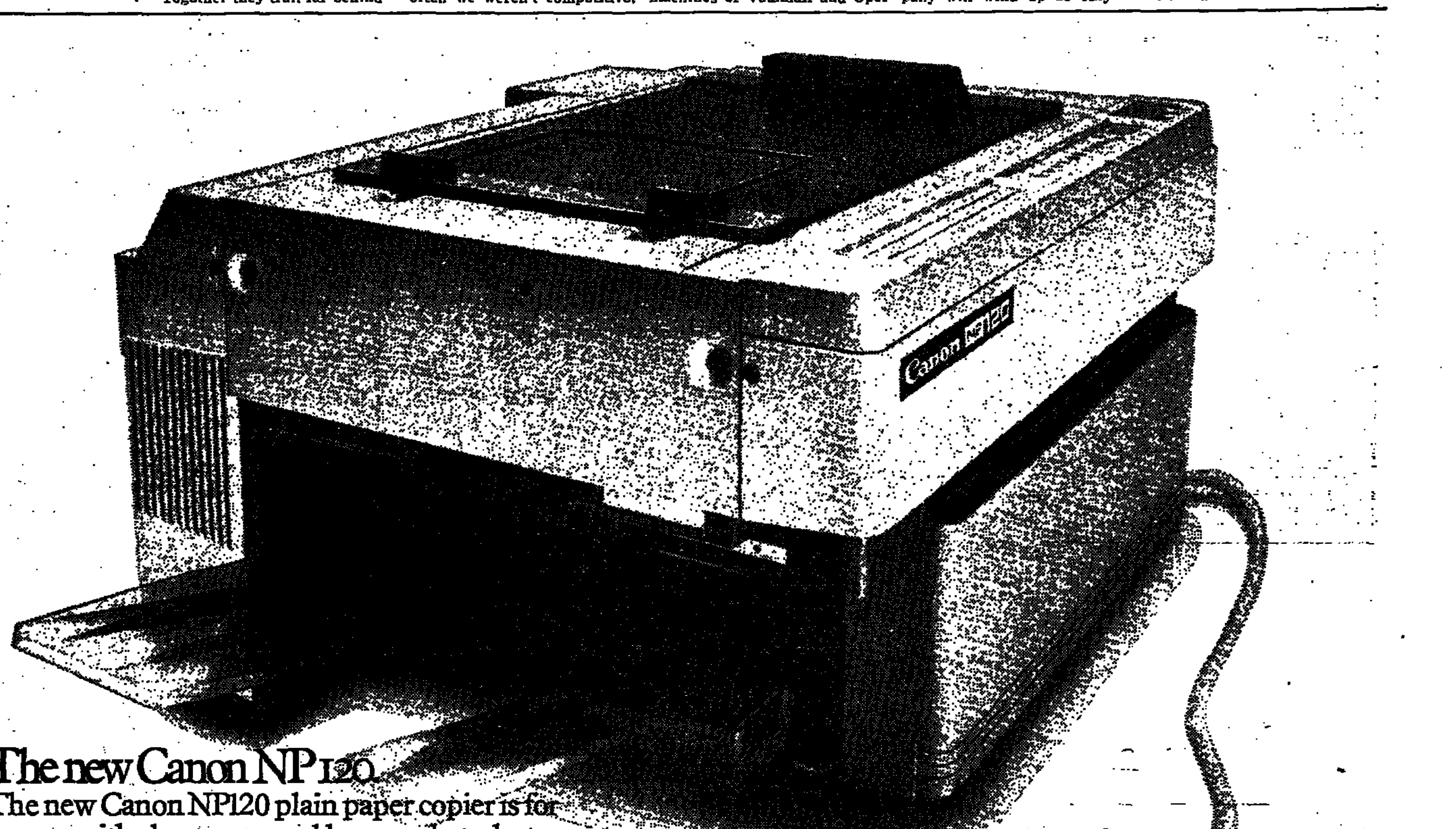
The report suggests that the larger companies, with their greater resources, seem well placed to introduce the new *generation of products*.

It analyses the financial performance of 60 fire protection equipment manufacturers over three years to March 1980 and says that growth in the industry has been slow.

The average return on capital fell from 19.5 per cent to 9.5 per cent over the three years and the average margin on sales was halved from 7.4 per cent *to 3.7 per cent*.

The report is published as the International Fire, Security and Safety Exhibition and Conference is being held in London at Olympia, with about 500 exhibitors from 20 countries taking part.

"Fire protection Equipment Manufacturers," ICC Business Ratios, 81, City Road, London, EC1, £80.



UK NEWS—LABOUR

Ambulance workers reject 6% pay offer in ballot

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S ambulance service yesterday appeared to draw closer to its first serious national industrial action since 1979 following overwhelming rejection of a 6 per cent pay offer by ambulance workers in the National Union of Public Employees.

The union, representing about two-thirds of the country's 17,000 ambulance workers, reported to branches that a recent ballot showed 9,000 rejections against about 500 in favour.

Negotiators had recommended rejection, accompanied with a clear message to branches that rejection was likely to lead to a head-on confrontation with the Government over health service cash limits. They warned that the alternative was likely to be industrial action.

Three other unions representing the group have yet to complete consultations with branches. Unofficial reports yesterday indicated that the offer was likely to be rejected by a majority in the Confederation of Health Service Employees, the second biggest union in the group, which made no recommendation.

The Government has already drawn up detained contingency plans for dealing with industrial action by ambulance workers this year.

These involve the possibility of using troops in emergency ambulance operations similar to those of the 1979 strikes in London and some other parts of the country.

A seperate ballot of London's 2,200 ambulance workers last week showed 1,631 votes against the offer compared to 371 votes in favour.

Shop stewards representing London ambulance workers have already called on unions to draw up plans for 24-hour strikes on a national basis if the Government refuses to concede a substantially improved pay offer.

Union negotiators have argued strongly for pay to be tied to that of firemen and police to secure comparable earnings in the emergency services.

Pay grievences among ambulance workers have been compounded over the past 12 months by last September's 21 per cent award to police and 18.8 per cent two-stage deal for firemen.

TUC and employers disagree on union law

By Christian Tyler, Labour Editor

EMPLOYERS and trade union members of the governing council of the Advisory, Conciliation and Arbitration Service agreed to differ yesterday about the wisdom of further trade union legislation.

Confederation of British Industry deferred to the views of their Trade Union Congress colleagues by saying that changes in the law were bound to be disruptive if they came too frequently or failed to command general suport in industry.

Nevertheless, the CBI emphasised that this did not mean it ruled out further legislation once consultation on the Government's Green Paper on trade union immunities was completed at the end of June.

Scottish miners plan to picket jeans plant

BY JOHN LLOYD, LABOUR CORRESPONDENT

SCOTTISH MINEWORKERS, shipyard and transport workers have prepared plans to throw a protective cordon of pickets round the VF Jeans plant in Greenock next week. The plant is occupied by its 240 female workers who have been declared redundant.

The workforce fears that attempts will be made by the plant's owner, the U.S. VF Corporation, to enforce an injunction against their 12-week occupation when their 90-day notices to quit expire on April 30.

Mr. Michael McGahey, president of the Scottish area of the National Union of Mineworkers, said yesterday "the Scottish miners will be there on the 30th to protect the factory and the jobs." Mr. McGahey said they were also prepared to take action in the coalfields.

Mr. John Hardie, a delegate from the Transport and General Workers Union, told delegates to the Scottish Trades Union Congress in Rothesay yesterday that the union had "total commitment to get the closure withdrawn and a resumption of work."

Mr. Ray Buckton, general secretary of ASLEF, the train drivers' union, also pledged support. He said he would ensure that the TUC General Council, of which he is a member, would discuss the issue.

Earlier, Mr. Michael Foot visited the plant yesterday morning. He told the workers there that they had waged "a remarkable fight which had a response not only in Scotland but in England, too." He told the conference the Labour Party would do the best it could to support them in the Commons.

The company has said closure of the plant was essential because of the drop in sales in the plant's chief export market, Scandinavia.

Foot appeals for Labour unity again

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. MICHAEL FOOT, the Labour Party leader, yesterday made a carefully balanced attempt to heal the latest breach in the party's ranks with a speech to the Scottish Trades Union Congress in RAothesay. He called on members to "remember the things which bind us rather than those which divide us."

He was the "last person in the movement" to argue for the suppression of debate but added: "You have to keep it in perspective. You have to keep the enemy in perspective. You have to reckon all the time what you are up against."

The rest of the country still had to be convinced by Labour's policies. "You can't do it by force. You can't stick guns in their backs even if you wanted to."

He was speaking to the conference on the day after Mr. Alan Fisher, general secretary of the National Union of Public Employees, and chairman of the TUC, had declared that the struggle in the party for accountability and Left-wing policies must continue and that his union, Labour's fourth largest affiliate with 600,000 votes, would likely support Mr. Tony Benn's bid for deputy leadership.

Faced with this challenge to his own frequent calls for unity, and his public opposition to Mr. Benn's candidature, Mr. Foot scrapped most of a prepared *speech on Scottish devolution.*

He chose instead to remind delegates of the achievements of the last Labour Government, to emphasise the "dangerous" nature of the present Government, and to focus the idealism of the Labour movement on an international campaign for peace.

He was in favour of "as radical policies as it takes" to regenerate the economy and bring in Socialism. A policy document would be issued soon by the party's national executive committee.

The Government was "the most dangerous enemy the working class ever had to face, and we are at one of the most dangerous periods in our history," he said.

When Labour had the chance to throw it out—"and it might not be as long as years"—then it must "make sure not to make a mistake—that would be the greatest tragedy of all."

He returned to a favourite theme of the first weeks of his leadership in an attempt—successful as far as the STUC delegates were concerned—to unite the party.

He said: "It is our supreme task to ensure that our country shall play the leading part in turning the minds of the nations away from the nuclear arms race.

"Sometimes this country will have to set the example by *taking our own unilateral* action."

"Let us go about our business of our arguments and our debates—but determined on victory . . . and determined that when the time comes and we win that victory we show the country what democratic Socialism really means."

Roger Taylor

Banking, Insurance and Finance Union pickets outside the National Westminster Bank's management services centre, Aldgate

Staff associations 'unlikely to grow'

BY OUR LABOUR EDITOR

A SURVEY of staff associations concludes that these single-employer organisations are unlikely to grow in numbers or strengths.

The survey was conducted by the certification officer, whose responsibility is to vet applications by trade unions for a certificate of independence.

The only exceptions are associations in the banks and building societies. There, penetration by TUC-affiliated white-collar unions has been slow.

In insurance the survey found staff associations now play a secondary role to that of the Association of Scientific, Technical and Managerial Staffs, which has secured bargaining rights in more than half the top 30 companies.

The survey covers 88 associations who applied for certificates between 1976 and 1979. It found that the narrow membership base of staff associations was "on the fact of it a serious obstacle to effective trade unionism."

More than half of the sample were found to have been "created or inspired by management," even though many developed their independence later.

At the end of 1978 the 88 associations had a total membership of 190,000 but an average of over 2,000. However, discounting the big staff associations in the National Westminster, Barclays and Lloyds banks, three-quarters had less than 1,000 members each.

The survey found that many and possibly most operated from "a modest if not precarious financial base." Their subscriptions, benefits and assets per capita were generally much lower than those of trade unions.

Nearly 60 of the 88 had some provision for taking industrial action in their rule-books but only 11 had actually taken action and that was low key.

Nevertheless, more than half were found, on an admittedly subjective test, to have demonstrated some robustness in negotiations with the employer.

Staff Associations: Supplement to the annual report of the Certification Officer. Cleland House, Page Street, London, SW1P 4ND.

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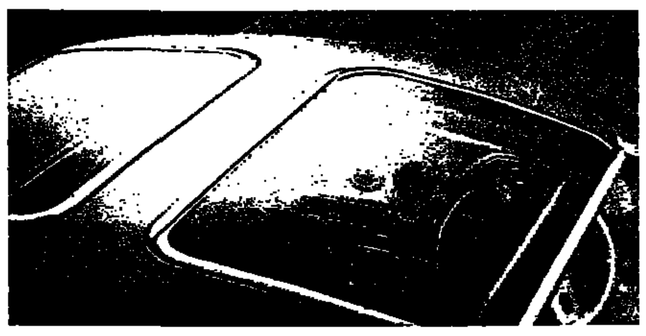
We have lift-off!

Now, the Datsun 280ZX–the world's best selling sports car–is available in a very special new Targa version.

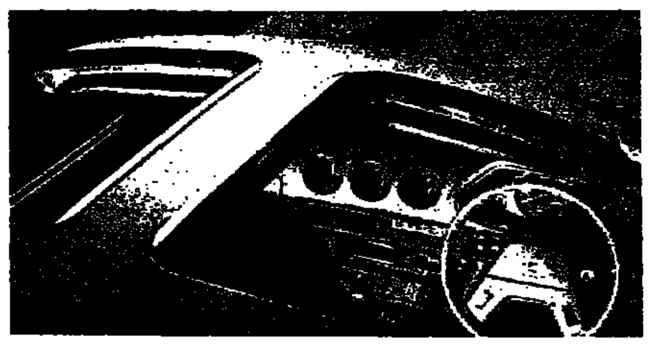
The roof has two tinted glass panels which lift up and off–in seconds. Leaving you with a very distinctive and stylish open-topped Grand Tourer. (The roof panels can be stored in specially designed protective wallets which are supplied with the car.)

The ZX Targa is, as you can imagine, no slouch when it comes to performance. It has a 2.8 litre fuel-injected 6-cylinder engine, giving a top speed of 120 mph and a 0-60 mph figure of 10.4 seconds. And yet it is surprisingly economical, returning 33.6 mpg at 56 mph and almost 28 mpg at 75 mph.

Its handling characteristics are, quite simply, outstanding because of its virtually perfect 50:50 weight distribution between front and rear wheels.



THE TWO GLASS PANELS LIFT UP...



...AND OFF–IN SECONDS!

Inside, the ZX is as impressive as outside.

It has every feature that you would expect to see on a true luxury car–plus several more that might come as very pleasant surprises.

There is everything from power steering and electric windows to a highly advanced electronic monitoring system which runs an instant check on a whole list of vital functions every time you start the engine.

A couple of small touches indicate the car's overall level of sophistication.

The electric aerial automatically retracts each time the ignition key is removed.

And there is a "flick" switch which opens and closes the driver's window completely at a touch.

The new Datsun 280ZX Targa, at £10,171 is easily one of the most exciting cars on the road today.

See it at your Datsun dealer. And get ready for take-off.

DATSUN

STANDARD EQUIPMENT: FUEL INJECTION · POWER STEERING · 5 SPEED CLOSE RATIO GEAR BOX · 4 WHEEL DISC BRAKES · ELECTRIC WINDOWS · ONE-TOUCH DRIVER'S WINDOW · ELECTRIC AERIAL · ELECTRONIC MONITORING SYSTEM · POWER JET HEADLAMP WASHERS · REAR WINDOW WASH/WIPE · LM/AM/VHF RADIO · TINTED GLASS · INTERIOR TAILGATE RELEASE · ETC.

Price (manual version) includes car tax, VAT, seat belts, driver's door mirror, rear fog lamp etc. Only inland delivery, number plates and road fund licence extra. Datsun U.K. Limited, Datsun House, New Road, Worthing, Sussex. Tel: Worthing (0903) 68561.

Government Fuel Consumpton Tests. M.P.G. (Litres/100 Kilometres) 280ZX 2+2: manual. Constant 56 mph (90 km/h) 33.6 (8.4). Town driving cycle 19.8 (14.3). Constant 75 mph (120 km/h) 27.7 (10.2).

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

Store wars: the casualties to come

BY DAVID CHURCHILL

In some stores and product groups, Fine Fare's no -frills yellow packs outsell all other brands combined. The range will soon be 100-strong

BRAND MANAGERS whose products are at present precariously placed at numbers three, four or five in their respective grocery markets—be it for tea-bags or breakfast cereals — should be getting worried.

For it is their brands that are under direct threat from changing trends at the retail end of the food business, and the repercussions could mean further rationalisation of an already hard-pressed food manufacturing sector, increased power to the supermarket chains, and reduced choice for the consumer.

Tesco, the leading grocery multiple retailer, has already started to weed out the smaller manufacturers' brands from its 500 stores, and is instead mounting a major push for its own-label equivalents.

"We're staying with the top two manufacturers' brands in most markets," says Ian MacLaurin, Tesco's managing director, "but can't really see a future for the smaller brands in our stores."

The background to the pressure on major grocery brands was spelt out on this page two weeks ago by John Madell, research director at the Bouse Massimi Pollitt agency. He concluded that it was "no longer enough for the major food manufacturers to sit there, some of them with brands that are no better than own-label and spending less than £500,000 on media advertising, to believe they are still in the branding game. They are not. The rules have changed."

The threat from retailers to the weaker grocery brands is at present coming from four main directions:

- A resurgence of own-label brands;
- The emergence of "no-frill" brands;
- The continued success of limited-range discount stores;
- The impact of precise marketing data gained from new laser-scanning electronic checkout systems.

The resurgence of own-label brands is probably the biggest immediate worry for most manufacturers. Own label brands rose to prominence in the early 1970s when retailers realised that packaged groceries produced to a slightly inferior product specification (though not always) and bearing the retailers' name, could be sold at a price significantly lower than that of main manufacturers' brands.

The food makers' willingness to go along with this obviously self-defeating strategy owed much to the slow-down in growth in total food demand during the 1970s. As the market became static in terms of volume growth, so manufacturers felt obliged to keep their plant operating at optimum levels by taking on own-label production for supermarkets.

For the retailer, selling own label brands generally meant that a higher margin could be earned than from manufacturers' nationally-advertised brands. The drawback to own labels, however, is that consumers generally prefer to stay with the big-name brands that they know and recognise—largely the result of heavy brand advertising.

Even so, own label's share of the packaged grocery market, as measured by Audits of Great Britain, stood at 23.2 per cent in 1977. Following that peak, its share fell back to around 22 per cent in the first half of last year.

The slump was largely due to retailers using large discounts from manufacturers to fight their own price wars on main brands.

However, the latest figures from AGB suggest that the tide has turned, and that the own-label share of the market is on the increase again. By the end of 1980, own-label share had risen to 22.5 per cent.

One factor in the switch back to own-label is the fact that some major brand leaders are digging in their heels over further discounts to retailers.

Tesco's MacLaurin also believes that with prices at roughly the same level in the leading multiples, consumers are now looking for better quality products. Tesco is pushing its own-label range of about 500 lines further up-market so as to offer sheppers a real alternative to the major brands both on price and quality. Yesterday, for example, it launched a range of 30 different own-label pies and sausages.

The major grocery retailers — with the exception of Asda — now believe they have established such a strong market position that their name alone on own-labels is almost as strong a brand name as a Kellogg or Heinz

Sainsbury's has pursued such a policy for the past 60 years, and now does approaching 60 per cent of its grocery business through its own-label lines. It has consistently adopted the view that its own-label products are not cheap versions of established brands, but as good as, or better than, the major manufacturers' products. For manufacturers' products.

Marks & Spencer has moved successfully into food retailing with only own-brand products, a ploy that means that shoppers cannot compare prices immediately with other manufacturers' brands.

OWN-LABEL SHARE OF UK PACKAGED GROCERY MARKET

	%
1976	17.8
1977	23.2
1978	22.8
1979	22.1
1980	22.5

Source: AGB—TCA

But if the resurgence of own brands is beginning to make manufacturers worry, the joker in the pack is the emergence of "no-frills" products.

The concept of no-frills packaging — a simple plain wrapper plus brief description of the product—originated in France in the mid-1970s with the Carrefour hypermarket group. Carrefour called them *produits libres*—literally "free products." They now account for about 5 per cent of all grocery sales in France, and for an average of 40 per cent of volume in categories where they compete with branded goods.

The idea was picked up in the U.S. in 1977, and some market estimates indicate that "no-frills" operators have already cornered a 5 per cent niche in the $200bn U.S. grocery market.

UK supermarkets have been slower to adopt the idea, mainly because of the price war being fought on branded products and the strength of own-labels. International Stores was the first to grasp the nettle with its "Plain and Simple" range covering some 120 product lines and accounting for about 10 per cent of its grocery turnover.

Fine Fare followed early last year with a test launch of about 30 popular lines packed in bright yellow packaging; last August it extended its "no-frills" range nationally on about 50 lines and has subsequently increased the number to 70.

It says its yellow packs are mainly positioned in the middle of the quality range, rather than at the bottom of the scale, and claims they sell at up to 15 per cent cheaper than the cheapest equivalent products in other multiples.

Already these no-frills packs have captured an estimated 5 per cent to 6 per cent of Fine Fare's grocery turnover, and this seems likely to rise when around 30 more lines are added shortly.

Other supermarket chains show little inclination to join the "no-frills" bandwagon. At Tesco, Mr. MacLaurin is quite adamant that "no frills" packaging in this country "has no future at all." He maintains that the lower quality of no-frills products would be damaging to a retailer's long-term credibility for food quality, whatever the short-term benefits gained from low prices.

Apart from own-label and "no-frills" products, the threat to weaker grocery brands comes from two other sources. First has been the success of limited range discount stores which sell only about 500 lines instead of the several thousand stocked by a typical supermarket.

The third major retail development threatening weaker brands is the introduction of laser-scanning electronic check-out systems, designed to provide comprehensive data on which brands sell and how fast it takes to move them. As Dr. John Beaumont of the Institute of Grocery Distribution points out, the new systems "will throw up those lines which are simply shelf-warmers."

A predictable result of all this is that the grocery market will polarise into different sectors.

Apart from the top few manufacturers' brands, retailers are likely increasingly to push own-label as a separate brand, with a third choice, in those stores that stock them, of "no-frills" alternatives.

The manufacturers are already responding to this threat in several ways. For example, there has been a sharp increase in the use of special offer coupons over the past year. Manufacturers have also switched more effort and resources into below-the-line promotions, as opposed to media advertising.

In addition, some are concentrating on specific geographic areas or store groups where they are strongest, rather than attempting to hold their place in the national arena.

ADVERTISING TRENDS

An incomparable year

BY M. J. WATERSON

UK ADVERTISING EXPENDITURE BY SECTOR*
(Percentage Gains Year-on-Year and Quarter-on-Quarter)

Sector	Q1 '80/ Q1 '79	Q2 '80/ Q2 '79	Q3 '80/ Q3 '79	Q4 '80/ Q4 '79	1980/79
Retail	42	17	21	12	21
Industrial	86	59	27	2	39
Financial	21	21	34	21	24
Government	39	−10	62	33	28
Services	53	16	71	20	38
Durables	41	27	69	19	33
Consumables	52	28	91	15	39
Total	47	25	61	17	34

* Excludes classified, local weeklies and trade and technical.
Source: AA Forecast/MEAL.

THERE HAS been considerable debate about the impact of "the greatest recession since the 1930s" on advertising revenue in Britain. Yet since little else was available, discussion until now has been based almost exclusively on opinion, conjecture and the latest television advertising revenue data.

Indeed, because of massive distortions to the figurework caused by the ITV strike of 1979, most views put forward concerning the health or otherwise of the current advertising scene have been based on pretty shaky evidence.

However, complete 1980 advertising data is now available from a number of sources, including Media Expenditure Analysis, the Independent Television Companies Association, The Business Monitor series and the Advertising Association's Forecast. Taken together, they at least illustrate what *probably* happened last year—if not why.

The word "probably" is vital, because the official AA survey findings for 1980, which provide the most comprehensive and accurate estimates available, cannot be published until next month, so that the picture given here is unlikely to represent the truth and nothing but the truth.

On the other hand, it ought to provide an accurate enough view of recent advertising expenditure trends.

Study of the basic quarter-on-quarter and year-on-year percentage data for the two main media, Press and TV, shows clearly just how difficult the 1980 TV data is to interpret, the large first-quarter change reflecting overspill of expenditure from the ITV strike the previous year, and the third-quarter gain appearing huge by comparison with the strike period itself.

Despite these problems, there are interesting conclusions to be drawn. Firstly, total Press and TV revenue together increased by around 20 per cent last year—2 per cent more than the rise in the retail price index but 4 per cent less than the *rise in the AA's index of media* rates.

Since advertising expenditure is not a retailed product, it is impossible to be certain what the 2 per cent 'real' increase in advertising expenditure last year actually meant.

The 4 per cent fall in expenditure shown by deflating total expenditure by the media rate index, however, does suggest that 1980 saw a *volume* fall in advertising.

A second conclusion to be drawn from the available figures is possibly more important than debating whether advertising revenue last year rose or fell marginally when deflated by this or that method.

It is clear that Press display advertising held up much better in the face of recession than did classified, which fell in cash terms from the second quarter through to the final quarter of 1980 compared with 1979, indicating a very considerable decline indeed in "real" or volume terms.

A third important conclusion is that both display and classified Press advertising expenditure performed progressively less well throughout the year.

The table shows total Press and TV expenditure broken down into the main commercial sectors. It is based on MEAL data and therefore excludes classified advertising and advertising in local weeklies and trade and technical publications.

The omission of classified advertising—the sector which felt the effect of recession most sharply, due mainly to the high proportion of classified advertising that is recruitment advertising—is the most important difference between the table shown here and the figurework already quoted, and results in an overall apparent growth rate for total Press and TV display advertising last year of 34 per cent, instead of 20 per cent.

It must be remembered that the 34 per cent figure reflects the high apparent growth rate of TV advertising in 1980, following the strike the previous year, rather than any underlying growth for advertising generally.

Even the relative growth rates of the various sectors cannot be accurately determined from the table, since some categories (for example, consumables) are relatively heavy TV users, while others (for example, retail) are not.

The main conclusions to be drawn from all this are first that classified expenditure fell very substantially last year, as a result of the recession. Second, that display advertising in the Press also suffered from the effects of recession, but only to a limited extent (the evidence available for the first quarter of the current year suggests that these trends are continuing).

There are several reasons why Press display has held up so well. The most important is that consumers' expenditure, to which a large proportion of display advertising is closely linked, continued to rise throughout last year. Whether recent Government measures will change all that, one can't be sure, but it is clear that Press display expenditure has not yet collapsed, and must stand a good chance of weathering the storm.

M. J. Waterson is director of research at the Advertising Association.

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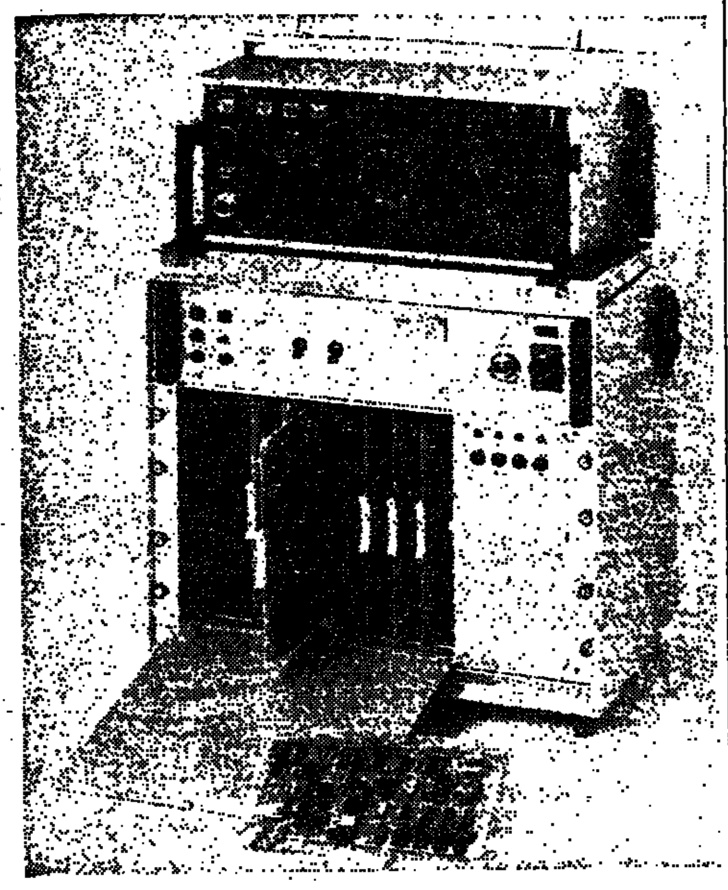
Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Simulator to aid navigation training



A SHIP MOVEMENT simulator designed for the training of navigation officers and related research, introduced by Thorn Automation (088 94 5151), is based on a M6800 microprocessor. It can be pre-set to simulate the dynamics of different classes of ship and adapted for submarine use or as test equipment in shore stations.

Basically, the microprocessor accepts inputs of demanded helm, course and speed from the control panel and provides outputs of actual course and speed for injection into the log and gyro distribution systems and for display on dual-pointer indicators on the control panel.

Distance impulse inputs are also provided, while equations relating demanded and actual parameters are solved by the microprocessor.

The equipment is housed in a control cabinet and a main cabinet, with two changeover devices for log and gyro interfaces. It can be operated on either a remote or a control configuration. Anti-condensation heating is fitted in the main cabinet, which is designed for bulkhead mounting.

How to sort banknotes at a rate of 20 a second

A MACHINE for sorting used banknotes at the rate of 20 per second has been introduced by De La Rue Systems, Watford (0923 45931). Named Model 3400, it is a self-contained microprocessor-controlled unit designed to sort notes of any denomination, counting, classifying, and separating them into up to six output stackers according to their condition, authenticity, denomination and bank of issue.

A variety of sizes can be handled, and the detection of worn notes can be adjusted to a broad tolerance to meet seasonal demands. Security of handling and counting is claimed to be ensured by the use of De La Rue's vacuum transport techniques, so that old, worn and much-circulated notes are handled gently, separated and fed rapidly through the system without damage. Badly torn or defaced notes can be removed without delay.

Notes are fed synchronously, in batches or continuously, and the machine keeps a record of where each note is in the system at any one time. Interventions by the operator are logged automatically. Full control information is provided by the visual display unit and keyboard attachment, while the integral printer enables spot checks and auditing to be carried out at will.

The authenticity detection facility is claimed to ensure that no forgeries are included in a batch of sorted banknotes, while all notes are correctly oriented in the stackers so that they all face the same way, says De La Rue.

Zip-On tubing addition

AFTER TESTS on the cabling of a mainframe computer installation. Cable Ancillary Products (04252 77702) has introduced an addition to its Caplock range of zip-on tubing for cable forms and harnesses designed to provide an efficient shielding against electrostatic and radio frequency interference.

Named Shield, it is made of a black vinyl-impregnated cloth with a spray coating of aluminium on the inside.

A tinned copper braid fixed to the aluminium is intended to provide a solderable connection for earthing purposes. A major advantage claimed for Shield is its flexibility, which makes it especially suitable for use with flat ribbon cables and on installations where vibration or continuous flexing may occur.

The material can be used in ambient temperatures ranging from minus 30 degrees C up to 105 degrees C without loss of performance, CAP claims.

In the event of fire it is self-extinguishing. A simple tool is available for zipping and unzipping the Shield tubing so that it can be fitted to cables quickly without disconnecting them.

It is supplied in 14 sizes ranging from 9 mm to 100 mm diameter in multiples of 50 metre lengths.

Self-seal cling film

DESIGNED TO dispense self-sealing cling film used for the protection of and stabilisation of pallet loads, a 3.25 kg hand-held device introduced by British Industrial Fastenings, Aylesbury (0296 81341) has a tubular steel frame and a twist-grip handle for the rapid adjustment of film tension.

The user loads a roll of cling film on to the dispenser and tightens it with the twist grip. After tying the film securely to a corner of the pallet he walks round while keeping the film pressed against the face of the load and maintaining a constant tension with the twist grip adjuster. The dispenser is claimed to be suitable for all sizes of pallet.

Aston's book on books

FIRST THERE was microelectronics. Then there were books about microelectronics. And now a book about books about the impact of microelectronics.

This latest volume, *The Impact of Microelectronics: a review of the literature.** is from the Frances Pinter stable, a small publisher which has cornered a useful market in bibliographic reviews of the pace-setting technologies. (Its review of the biotechnology literature was published on this page on February 26.)

Like the biotechnology volume, *Microelectronics*, published today, comes from the Technology Policy Unit at Aston University, Birmingham. The foreword is by Professor Ernest Braun, head of the unit and an author in microelectronics.

He notes: "Two clear needs emerge from the debate about microelectronics. One is for a clear and balanced understanding of the facts involved and opinions expressed; the second for an understanding of what options for action we have and how such actions are likely to affect the future."

The book looks at the literature on the impact of microelectronics in a number of relevant areas — manufacturing industry, the office, the telephone network and society.

The list of references is substantial, although with such a broad-based subject, hardly complete. Nevertheless, a good primer for anybody coming to the subject for the first time, or anxious to fit the pieces of the microelectronics jigsaw into place.

* Frances Pinter (Publishers) £13.75.

ALAN CANE

Scott of the Moon brings brain-power to Earth

BY ELAINE WILLIAMS

SPACE TECHNOLOGY spin-offs from miniaturisation to solar powered batteries have taken a new turn with a company which is harnessing space brain power.

The man behind a four-year-old growing company is Dr. David Scott. Ten years ago he was commander of the Apollo 15 Moon shot.

After flights on Gemini 8 and Apollo 9 and 15 he became a director of NASA's Dryden Flight Centre in California.

Later he formed Scott Science and Technology, and, instead of thinking about products and processes, started to think about the years of NASA's accumulated expertise and brain power.

He believed that people who had worked with NASA on the space programme had acquired unique skills.

"NASA has trained a lot of people, many of whom are leading experts in their field," says Dr. Scott.

Similar expertise was needed in many areas of industry so Dr. Scott sought out scientists willing to apply their practical knowledge for a wide variety of industries.

Scott Science and Technology is not yet a giant in the aerospace field. First year turnover was $250,000. This year it should be $3m — nearly double last year's.

Dr. Scott has recruited "brains" to carry out research and to develop new products and improve existing ones.

His company is able to take a product to prototype stage before handing over the final design to the manufacturer.

Basically, he is looking for a profitable return on public money spent on space research.

He says that to date only 5 per cent of NASA's technology has been profitably exploited by industry. The fact that the information is freely available to the public, he believes, is a deterrent to private industry.

"If we develop a product, a company has exclusive rights to it. If a company uses NASA technology, there is a risk that a rival will have the same information," says Dr. Scott.

Dr. David Scott: looking for a profitable return on space research

But NASA does provide a technology transfer programme to advise companies on how to use its information.

One problem for Dr. Scott's company is the recruitment of experts. Their particular knowledge might be relevant to a specific project but not needed afterwards.

"We try to ensure that the skills of the people we choose can be applied to other projects," says Dr. Scott.

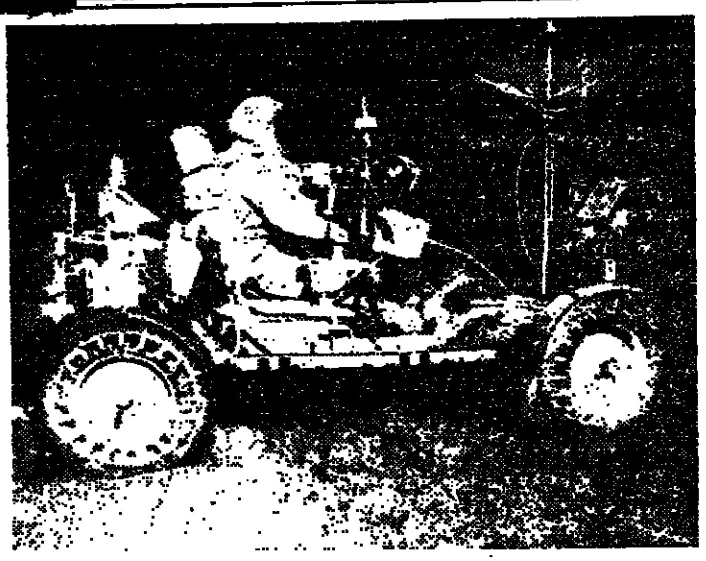
So far so good on the fringes of the atmosphere, but what about down to earth reasons for the company's existence?

It is developing systems for monitoring the stress of structures. Applications cover aircraft frames and offshore oil platforms.

The company is involved in new techniques for weighing and balancing and is presently working on a new type of burglar alarm to detect a burglar by vibration. This work is being carried out for Group 4, the security company.

The technique, it is claimed, can detect the difference between the company cat and a human prowler.

The alarm is intended for all types of premises and should improve the reputation of security devices. In Britain, it is estimated that something like 90 per cent of intruder alarms prove to be false. It is a problem which has bedevilled security companies for a long time.



David Scott, the astronaut, drives his Moon buggy in the Apollo 15 mission. Now, he drives a company devoted to the benefits of space technology

Many of Scott Science and Technology products are concerned with safety. Dr. Scott says: "Society has a great need for safety research."

NASA learnt this quickly after the Apollo 13 launch-pad explosion which killed three astronauts.

Dr. Scott, with partner, Mr. Peter Bloomfield, has formed a UK company to sell space acquired expertise. Development contracts exist with Group 4, Plessey and Normalair Garrett.

West End burglars and the office cat may seem light years away from the nearest satellite but it's all part of the down to earth Space Spin Off.

Container loading technique

ADVANTAGES claimed for the combined export container loading technique introduced by Modular Distribution Systems (0733 265309) are the ability to use 20 ft, 30 ft or 40 ft dry freight containers, thus saving the premium charged for open-top and side-loading containers, and the use of any shipper's standard end-loading container.

The packing of export consignments in the manufacturing company's own time makes the optimum use of labour, reduces fork-lift truck time, and improves the management's control over load preparation, says MDS.

Danish vibrations

DESIGNED PRIMARILY for on-site measuring, a Danish-made integrating vibration meter marketed in Britain by Bruel and Kjaer (UK), Hounslow (01-570 7774) has a special facility for calculating a true mean-square average of the vibration measured over a period of one minute.

The squared result is shown on a thermometer-type light emitting diode display with a constant 6 per cent resolution of a range of one to 100.

The brightness of the LED is adjusted automatically to compensate for ambient light conditions. The instrument, known as Type 2513, can be set to measure either acceleration or velocity. Its frequency response is 10 Hz to 10 kHz, and it includes a weighting filter for measuring vibration severity and hand/arm vibration to ISO recommendations.

The vibration pick-up is a robust piezo-electric accelerometer with a mounting magnet for easy attachment to the vibration source.

International Appointments

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Candidates should be fluent in spoken and written English, and a knowledge of Arabic would be an advantage, as would knowledge of computer operations and experience in computer audit interrogation packages, and previous Middle East experience.

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Head of Management Accounting

Riyadh, Saudi Arabia

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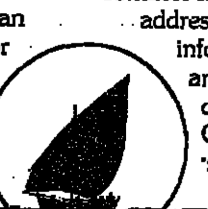
The position offers a competitive salary, medical insurance, accident insurance and assistance in obtaining local accommodation.

Interested applicants should contact Mrs Gillian Todd at the address below for further information and an application form, quoting reference no: CA/4/B/25.



*Subject to current UK tax regulations.

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Salary and fringe benefits are fully competitive.

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iib

APICORP

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SENIOR INDUSTRIAL ECONOMIST

APICORP's five-year plan includes the execution of a number of pan-Arab projects in the oil and gas sector. Chief among these projects are: the production of lube oils; detergent intermediates LAB and STPP; synthetic rubber; MTBE; and running a refinery for export. The Corporation also participates in the equity capital of petroleum and petro-chemical projects and it extends commercial loans for their execution or expansion.

The successful candidate will prepare feasibility studies and financial analysis for petroleum projects and will participate in preparing papers for Arab and International specialised symposia.

Applicant, not older than 45, a graduate in Economics, Industrial Economics or Business Administration (M.A., M.B.A., M.Sc.) or equivalent from a well-known university. Postgraduate achievement and/or specialised studies are an asset. 10 years' experience in the above nature of work. Ability for teamwork in a multi-national environment with full mastery of both Arabic and English languages.

Salary, tax-free, is commensurate with experience and qualifications. In addition, the Corporation has an excellent package including free air-conditioned, fully furnished family accommodation; medical care; life assurance; annual leave air fares; and end of service gratuity.

Please apply, in writing in Arabic and in English, giving relevant details of personal and career history to:

The Administration & Personnel Manager
Arab Petroleum Investments Corporation
P.O. Box 448, Dhahran Airport, Saudi Arabia.

Applications will be dealt with in confidence and the successful candidate will have the opportunity to visit the Corporation's head office in al-Khobar before signing a contract.

$40-50,000 tax free

QUALIFIED ACCOUNTANT

with Computer and Insurance experience
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NEWLY QUALIFIED ACCOUNTANT

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BUSINESS EDITOR

SINGAPORE

CIRCA £20,000 P.A.

We are a newly established newspaper publishing company with strong financial support presently engaged in recruiting an editorial team to launch an English language daily newspaper in Singapore.

We wish to recruit a Business Editor who has specialist knowledge of banking and finance, stock markets especially in Singapore, Malaysia and S.E. Asia. As Singapore is the third busiest port in the world he should also have a particular interest in shipping, industry and trade.

The business editor will be responsible for the day-to-day operation of the business section of the newspaper which should lead the field in reporting events in the business and financial markets in Singapore. He will also be required to assist in the recruitment, training and supervision of a group of journalists who will include graduate trainees.

Preference will be given to candidates who have worked in S.E. Asia and have a specialist knowledge of the region. However, outstanding ability and achievement in the key disciplines of the position will be recognised.

As the job of heading this important section of a new venture demands initiative, skill, experience and the ability to lead and train staff an attractive package worth a minimum of £20,000 p.a. will be offered to the right candidate.

If you feel you have the ability to meet the exacting demands of this position based in one of the fastest growing economies in the world please write with full details of qualifications, experience, special achievements and current salary to:

The Chief Editor
THE SINGAPORE MONITOR LIMITED
6th Floor, Overseas Union Trust Building
25 Malacca Street, Singapore 0104
Republic of Singapore

Final interviews will be arranged in Hongkong, Singapore and London

COMMODITY FUTURES BROKER

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experienced

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to handle private accounts

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PARIS

Leading French Bank seeks English/French Translator for Financial Department of Paris Head Office. English mother-tongue. Suitable professional qualification in languages preferred. Several years' experience in banking or financial environment essential.

Attractive salary and benefits package negotiable.

Fully detailed curriculum vitaes should be addressed to:—

Box A.7493, Financial Times
10 Cannon Street, EC4P 4BY

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01-637 7604

Some of the things you'll have to put up with, if you want a high, tax-free salary.

Free, furnished accommodation, a brand-new hospital, a better standard of living - and a warm climate!

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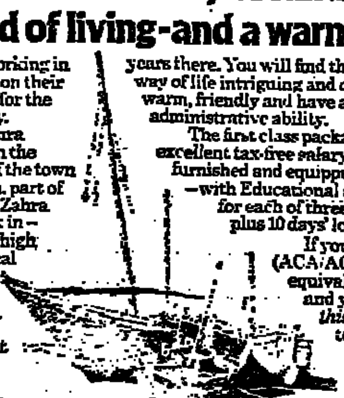
You could be pleasantly surprised at Al Zahra Hospital in Sharjah, the first private hospital in the United Arab Emirates. Located in the centre of the town of Sharjah and within five minutes of the beach, part of one of the world's most beautiful coastlines, Al Zahra Hospital offers a congenial atmosphere to work in – equipped with apparatus to an internationally high standard. The Hospital is owned by Gulf Medical Projects and is managed by Hospital Affiliates International S.A., on British lines.

You will find Sharjah an exciting and rewarding place to live and work; less restrictions apply than you might expect – and there's a large expatriate community in this part of the Gulf – some of them having spent many years there. You will find the climate pleasant, and the way of life intriguing and colourful. The inhabitants are warm, friendly and have a high regard for Western administrative ability.



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If you're a graduate Accountant (ACA/ACCA/ACMA/ACIS/Degree or equivalent) with relevant experience and you feel you could put up with *this kind of treatment*, write today with full c.v. to ORS Ltd – Overseas Recruitment Services – who are assisting the Hospital with recruiting for this key post.

ORS Limited

Director of Medical Services
ORS Ltd. Overseas Recruitment Services
37 Golden Square, London W1R 4AL,
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One of the first french banking group looks for a Eurobond Dealer with good experience. Working knowledge of french and english required.

Salary : 110,000 french francs +

Write under ref. PF 475 AK

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Solving other people's problems...

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Consultancy can provide you with just that experience. The work offers involvement in identifying and solving management problems across a wide range of industry and commerce. Assignments are varied, the environment stimulating and the tasks intellectually challenging. Your skills will be stretched to the full and, what's more, may be used within multi-disciplinary teams.

You'll find the firm young, dedicated and totally committed to applying the most advanced techniques. It is proud of its reputation as one of the leading and most highly regarded organisations in its field. Based in London, it operates internationally as well as throughout the U.K.

...may solve your own

To persuade them you're the best, you'll need a good degree, an accountancy qualification and a record of achievement and success. In addition, you must have outstanding personal qualities, including tact, imagination and the ability to communicate fluently. Experience needs to include several years in industry and so you're likely to be in the 26-32 age range, seeking a commencing salary up to £16,000.

Please send full career details to Ian Lovatt, Royds Personnel Services London Limited, Royds House, Mandeville Place, London W1M 6AE, quoting reference RPS/16. Your covering letter should include names of companies to whom we should not forward your application.

RPS

Royds Personnel Services London Limited

VICE PRESIDENT-ADMINISTRATION

Bermuda

Our client is a subsidiary of a company quoted on the American Stock Exchange. Its substantial and expanding Bermuda-based operations are primarily related to international trading and shipping.

This is a new appointment of a coordinating nature and requires a qualified professional with a strong background in business administration and the ability to keep up with and enhance the company's growth. It is unlikely that anyone under 30 will have obtained the necessary experience.

There are opportunities for advancement within the group internationally and salary and benefits will be competitive.

Written applications, which will be opened and forwarded to our client, should include all relevant personal and career details and be sent to Douglas G Mizon (Ref FT 301/M) at the address below. Interviews will be held in London at the end of May.

E&W Ernst & Whinney Management Consultants
57 Chiswell Street, London EC1Y 4SY.

Chief Accountant

Croydon c. £12,500 + car

This profitable private British manufacturing company with a turnover of c. £5m has a firm commercial philosophy of looking to the future. The person appointed will report to the Managing Director and be fully responsible to the Board for continual review of all financial operations. Key tasks include management of the accounts and computer departments, preparation of monthly accounts, budgets and forecasts, ensuring maximum use of resources regarding tax and treasury matters and overseeing the pension scheme and insurance provisions. Candidates must be qualified, ideally chartered, accountants, with in-depth experience of computerised financial and management accounting, job and batch costing, in a manufacturing environment. The preferred age range is 35 to 50. In addition to the salary indicated, benefits include profit-related bonus and BUPA.

Write for an application form or send brief CV to the address below, *quoting ref: AA56/7640/FT on both letter and envelope*, and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. *Initial interviews will be conducted by PA Consultants.*

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

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Economics Analyst

An international oil company, operating worldwide in exploration and production activities has an interesting opportunity for an Economics Analyst.

Reporting to the Director of Finance key tasks will be to assist in the preparation of UK long, medium and short term planning, assess the financial validity of new and existing exploration and development projects and to advise senior management on appropriate action.

Candidates, probably late 20's, must have several years' economics experience in an oil or oil-related industry and be conversant with the computer models used in planning and economic evaluations. An appreciation of the techniques of investment appraisal, oil and company taxation laws and risk analysis is essential.

Salary is high. Excellent benefits package.

Please telephone (01-629 1844 at any time) or write – in confidence – in the first instance for a personal history form. M. Hordern ref. B.1851.

This appointment is open to men and women.

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Young Accountant Corporate Operations

£11,000 + Car

High Overseas Travel

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They seek a young ACA (not necessarily a graduate) to join their London based corporate operations team undertaking a wide range of operational reviews, acquisition studies, corporate audits, etc., within an aggressive and stimulating marketing environment. A high element of travel is necessary, mainly European and secondment to the U.S.A. is a feature of the training programme. Particular personal qualities required include self-confidence, ambition, the desire to become fluent in a 2nd and 3rd language (training provided), resilience and proven communication ability.

The company offer, in return for these qualities, an excellent remuneration package and the opportunity to progress an international career.

Interested applicants should contact **John Sheldrake.**

Please write or ring **Michael Page Partnership,** 18/19 Sandland Street, London, WC1R 4PZ., **Tel. 01-242 0965/8.**

MP
Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester

SENIOR CONSULTANT

A person of outstanding ability is sought to strengthen the consultancy team of a well established personal financial planning operation within one of the leading UK based international broking organisations.

This is decidedly *not* a "run of the mill" appointment, but a key position at senior level demanding the services of a first-class professional: The job offers unusually good promotion prospects.

The ideal candidate will be a skilled communicator of mature personality with a sound knowledge of financial planning techniques and independence of outlook allied to an appreciation of the value of teamwork.

The level of remuneration will reflect the importance we attach to this position. In addition a company car will be provided and the successful applicant will participate in the Group's non-contributory pension scheme and employee share scheme.

Please apply in confidence with a curriculum vitae to:

Mike Harrison, Personnel Manager,
Stewart Wrightson, Kingston Bridge House, Church Grove,
Kingston-upon-Thames, Surrey KT1 4AG

Stewart Wrightson
International Insurance Brokers

CITY OF LONDON POLYTECHNIC

Research Assistantships

Department of Economics & Banking (quote ref 81/19)

A research assistant is required to investigate the nature and extent of economies of scale in general insurance. It is envisaged that the research will be undertaken in two main parts. The first will be concerned with the nature of economies of scale in economic theory and the applicability of economic theory to a study of economies of scale in general insurance. The second part will be concerned with a statistical estimation of the extent of economies of scale in insurance.

The successful candidate will have a good honours degree in economics or business studies, have competence with statistical and econometric techniques, and ideally have some familiarity with the financial system or financial institutions generally. The research assistant will join a group of teachers who are knowledgeable and enthusiastic about research into the behaviour of financial institutions and who have published widely in international journals.

The research project is expected to last for two years and lead to an MPhil (CNAA) degree.

Department of Politics and Government (quote ref 81/23)

Applications are invited from suitably qualified candidates to work on a comparative analysis of government-industry relations in Great Britain, West Germany, France and Italy within the framework of the EEC. The successful candidate will collaborate with Dr. Diana Green on data collection and analysis in an agreed work programme. Applicants without a higher degree will be expected to register for a CNAA degree. Preference will be given to graduates of Politics, Economics or an appropriate field of Law.

Research Assistants are paid £4,467 per annum in the first year of appointment, rising to £4,602 in the second year, and to £4,737 in the third year, including London Allowance.

Please apply in writing giving full curriculum vitae and the names and addresses of two referees, to the Staff Records Officer, City of London Polytechnic, 117 Houndsditch, London EC3A 7BU. Please quote the appropriate reference number.

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MERCHANT BANKING

ACA, 25-28

THE BANK is a member of the Accepting Houses Committee and enjoys an outstanding reputation in the City. Its activities incorporate the full range of Merchant Banking services.

AN OPPORTUNITY has arisen for a young accountant to embark upon a career within the bank, the entry point lying within a very small but influential audit department. The initial role will involve a variety of systems, operational and internal audit assignments, and candidates should have the creativity to contribute positively and constructively to a dynamic and rapidly changing environment. Familiarity with EDP systems is essential.

REMUNERATION is negotiable around £10,000-£10,500 plus normal banking benefits, with some flexibility for candidates at the upper end of the age scale. THERE WILL BE EVERY ENCOURAGEMENT TO MOVE INTO AN EXECUTIVE OR OPERATIONS MANAGEMENT ROLE WITHIN TWO YEARS.

Please apply in confidence to Nigel Halsey,

Chichester House, Chichester Rents, London WC2A 1EG. Tel: 01-242 5775

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scope executive

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PUBLIC COMPANY

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Our client is a fast-growing diverse group, operating in mechanical engineering and construction, both in the U.K. and abroad. Recently announced results show turnover at over £40m which is in line with the group's plans for growth.

They now seek a new Company Secretary for their group management company, reporting to the Group Managing Director, to take responsibility for all major subsidiaries. In addition to normal secretarial duties, there will be heavy involvement in the areas of property management, insurance and pensions, with the opportunity to contribute to the formulation of group policy as a member of a young senior management team.

The successful candidate will be aged 30-45, and will currently hold the position of Assistant Company Secretary with a public company or Company Secretary with a private group. Ideal academic background will be graduate A.C.I.S. and/or qualification in law with practical experience in the areas mentioned, but it is more important that candidates can demonstrate effective communication skills and the ability to progress further with the group.

For further details please write to or preferably telephone:

GERRY PEARSON
01-402 7162

10a London Mews, London Street, London W2. 01-402 7162

scope executive

Secretary

up to £25,000 + car

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The Secretary reports to a Vice Chairman in London and will be responsible for:

- Secretarial services
- Implementation of financial policies
- Preparation of budgets and accounts
- Insurance arrangements

Candidates are likely to be qualified accountants who have at least 3 years' experience at a senior level of responsibility for the secretarial and accounting functions in a sizeable international organisation. Age is not a critical factor, although the appointment will call for considerable maturity with the personal qualities and dedication essential to the maintenance of a high level of service in a firm employing experienced professional management.

The commencing remuneration will be negotiated within the range of £20,000 to £25,000 pa plus car. The firm would contribute to the cost of removal expenses if the successful candidate had to move home to take up the appointment.

Candidates, male or female, should apply by quoting reference MCS/2113 and requesting a personal history form from Ashley S Phoenix, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

Jonathan Wren Banking Appointments

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U.K. LENDING OFFICER £10-15,000 — For a leading French bank. Aged 26-35, with a strong credit background and several years' experience in marketing the credit/lending services of an international bank to multinationals and major corporations in the U.K. Knowledge of French a decided advantage.

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F.X. DEALER £10-15,000 — Two leading European banks each seek a Foreign Exchange Dealer with approx. 4 years' well-rounded experience (spot/forward/deposits). Age preferred 25-27; knowledge of French useful, although not essential.

QUALIFIED ACCOUNTANT £9-11,000 — An A.C.A. or A.C.C.A. in his/her late 20s, with approximately 2 years' post-qualifying experience in a financial environment, is sought by a progressive American bank as Assistant Manager of a 10-strong Financial Accounting Department.

PERSONNEL OFFICER £11-12,000 — Well-established, expanding London Branch of Far Eastern bank requires a senior personnel officer to take full responsibility for all personnel and administrative matters. Candidates, ideally aged in their 30s, should have broadly-based banking backgrounds coupled with relevant personnel experience.

For further details, please telephone Brian Gooch or Paul Trumble.

First floor – entrance New Street
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Senior Commercial Banker

A leading wholesale bank is seeking a seasoned banker who has developed an outstanding reputation through marketing banking services to Corporations in the U.K. Strong credit and marketing skills will be combined with an entrepreneurial and imaginative approach to business origination and execution.

Responsibilities will include the negotiation, evaluation, pricing and monitoring of transactions, but emphasis will be placed on the ability to close deals.

Leadership potential, and the enthusiasm to provide clients with a comprehensive service, will ensure rapid progression within the bank. An attractive, competitive compensation package is offered which includes a generous subsidised mortgage scheme.

Please reply with full career details
in strict confidence to:—
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St. James's Corporate Communications Ltd.,
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£inancial director

The Clothing Division of Tootal Ltd. embraces several leading companies in this major operating area of the Group. Its brand names include Tootal, Pyramid, Slimma, Trutex, Rael Brook and Raysil. Sales total around £85M.

Following an internal promotion the Division now has an opening for a Financial Director, who will be directly responsible to the Chairman for financial control, planning, computer operations and the general financial supervision of its subsidiary companies and branches.

Applicants must have a strong management accounting background in a marketing oriented manufacturing industry, together with experience of data processing. Experience of overseas operations would also be an advantage in view of the Division's developing worldwide interests.

The job will be well paid, with benefits applicable to the TOOTAL group, including the use of a Company car. There is help towards any necessary housing move.

If you are in the age group 35 to 50, professionally qualified, and feel you meet the job requirements, please write in confidence with brief details of qualifications, work and salary record to:—

Chairman,
TOOTAL LIMITED
Clothing Division
56 Oxford Street, Manchester M60 1HJ.

CHARTERHOUSE APPOINTMENTS
Europe House
World Trade Centre
London E1 9AA

Senior Recruitment Consultant

Banking & Stockbroking — **London EC3** — **c. £15,000 Package**

Charterhouse Appointments was formed in 1972 and has become firmly established as a leading Recruitment Specialist in Commodities. We have recently diversified into the Banking and Stockbroking fields.

The Company is now initiating a planned expansion programme and requires a Senior Consultant to manage and motivate a Financial Recruitment Department, which will be engaged in the selection and placement of Banking, Stockbroking and Securities personnel.

Applicants must have a minimum of three years' experience of Banking recruitment and will ideally be aged between 25 and 35.

The remuneration package will consist of a negotiable salary, together with an incentive related scheme based on the Department's turnover. It is anticipated that the successful applicant's annual increment, for the first operating year, will be in the region of £15,000.

Please contact Robert Kimbell, Director, in the strictest of confidence on the number below (or 01-622 8847 evenings/weekends).

01-481 3188

ECONOMIC DEVELOPMENT

c. £14,000 p.a.

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- promote the assets of the County
- market the industrial and commercial services available in the area
- provide advice and enquiry services
- develop employment creation initiatives

The Authority is seeking a person with proven abilities in these activities to head the Unit.

Further details of this challenging role within one of the country's major local authorities are available from the Chief Executive and County Clerk (Ref. EDU/1).

Closing date for applications: 22nd May, 1981.

TYNE AND WEAR COUNTY COUNCIL

Sandyford House, Newcastle upon Tyne, NE2 1ED.
Tel: Newcastle (0632) 816144, Extension 236.
Telex 537564.

INTERNATIONAL BANKING

Syndications

OUR CLIENT is the Merchant Banking arm of a major American bank in London. The London unit covers Europe, the Middle East and Africa and is committed to a policy of further significant expansion.

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APPLICATIONS are invited from candidates with marketing and analytical experience who are now seeking an increase in responsibility in a growth environment.

SALARY is negotiable and WILL NOT PROVE A PROBLEM TO THE RIGHT CANDIDATE. Future career prospects are outstanding and will depend entirely on merit.

Please apply in confidence to Nigel Halsey.

Chichester House, Chichester Rents, **Career plan** LIMITED London WC2A 1EG. Tel: 01-242 5775
PERSONNEL CONSULTANTS

COMMERCIAL LAWYER

Davy McKee is a world leader in international process plant engineering and construction. From its base in Stockton-on-Tees, the Company is currently involved in many exciting projects in the ferrous and non-ferrous metals and minerals, coal and energy industries worldwide.

A vacancy now exists in the Company Legal and Commercial organisation. The work will involve a broad range of commercial matters but particularly contract drafting and negotiation; the financing of major capital projects; advice during contract administration; technology transfer and other agreements and general day-to-day legal advice to Company Management.

The job provides an excellent opportunity for a self-motivating lawyer with at least 2 years' experience to develop his/her career, and we can offer the salary and benefits of a major international organisation together with the prospect of progression to a senior management position with Davy McKee. The job will involve some travelling.

Generous relocation expenses will be paid where appropriate.

Please telephone the Personnel Department, 0642 602221 extn. 3584 for a job description and application form.

Davy McKee (Minerals & Metals) Ltd.

Ashmore House, Bowesfield Lane,
Stockton-on-Tees, Cleveland TS18 3LT.
A Davy Corporation company

Davy

Sales and Marketing

A leading Commodity Broker, specialising in the Futures Markets, is creating a new and challenging salaried position. The successful applicant must have knowledge, though not necessarily practical experience of the Commodity Markets.

Must have had proven sales experience in the financial world with accent on overseas markets; be prepared to travel extensively. Languages would be an advantage.

Above all must be a good administrator capable of putting ideas and words into action.

Age: 30 plus although maturity and experience are important — not years.

Apply to: The Managing Director,
Box A7494, Financial Times, 10 Cannon Street, EC4P 4BY

SENIOR FINANCE ROLES — INSURANCE MANAGEMENT

The Group enjoys an enviable reputation for excellent service together with a performance record identifying significant profitable growth through careful expansion and acquisition within the U.K. and Europe. To ensure continued successful development, the Group has restructed into four Operating Divisions and is now seeking additional suitably qualified and experienced accountants for the financial management team.

MANAGEMENT ACCOUNTANT

£11,500 plus Company Car and Profit Share

A key role to determine the further development of Group accounting systems and procedures with emphasis to computerisation and divisional accounting and taxation needs. The role will expand to provide a regular interface with Finance Management of the Divisions and Operating Companies for the improvement of operational review reporting for Group Management. Career development as a line Finance Manager is envisaged and preference established for an accountant under age 30. Industry experience is not essential but computer familiarity within multi-national operations a real advantage.

DIVISIONAL ACCOUNTANT

£13,000 plus Company Car and Profit Share

A development role to create the financial and management information services required to aid the Managing Directors of three principal operating companies embracing International Operations providing multi-currency complexity, Marine Reinsurance and the rapidly developing Professional Services. The initial tasks relate to an appraisal of system requirements, development of computer usage and the training and motivation of the established accounting staff. Insurance accounting experience is essential and application invited from proven managers to age 40.

In the first instance, please call or write to Robert Miles on 01-248 6321

Personnel Resources Limited

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If your talents are being wasted, or your ambitions thwarted, we can help. Our highly skilled career management counsellors have all been engaged in a Top Management role. They understand your problems. After evaluating your true potential through discussion and analysis, they work with you through all stages of the job search until you find that better opportunity that is just right for you. Most of these better opportunities are never advertised.

We have an acknowledged standing in the employment market and an outstanding track record of success. That's why we're confident that after a preliminary discussion you will appreciate why we are able to offer the special sort of help that you need. So why not ring us today.

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Merchant Banking
S. G. Warburg & Co. Ltd.
International Capital Markets

We are seeking an executive to assist in the continuing expansion of our Eurobond business. He or she will be responsible for maintaining and developing relationships with institutional investors in the capital and money market sectors of the euromarkets.

The successful applicant is likely to be aged between 25 and 35 with at least three years' experience in the Eurobond market. He or she should have a good knowledge of Eurobond issuing and placing procedures and a familiarity with international capital and foreign exchange markets. Fluency in foreign languages would be an advantage.

Applications, enclosing a concise curriculum vitae, should be sent in confidence to:

G. E. J. Wood, Executive Director,
S. G. Warburg & Co. Ltd.,
30 Gresham Street, London EC2P 2EB.

Manager-

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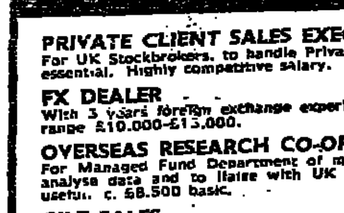

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LOMBARD

Comparing the alternatives

BY PETER RIDDELL

HOW CAN a rational economic person (if such exists outside a textbook) compare the merits of the various economic strategies on offer? It is a measure of the disarray of the economics profession that any *Which?* report on the pros or cons of the alternatives would probably never get off the ground because of methodological disputes.

Simulations

An attempt has, however, been made to compare the impact of the TUC and CBI packages on the basis of simulations on the Treasury's model of the economy. These have been made available to MPs through the House of Commons Library's membership of the St. James's Group (managed by the Economist Intelligence Unit). Such simulations have to be interpreted very carefully (of which more later).

The exercise starts from a base run assuming the continuation of present policies. This is compared with simulations in "the spirit" of the CBI and TUC pre-Budget submissions.

The base run is at the pessimistic end of the forecasting range—projecting a 3½ per cent decline in Gross Domestic Product this year followed by growth of only ½ and 1½ per cent respectively in 1982 and 1983. Total unemployment is expected to rise to 3.2m by 1983 and the inflation rate is projected to be in single figures from next year onwards.

The TUC package assumes £4½bn of additional public spending, job support measures, a cut in the employee national insurance contributions and in the employers' surcharge plus selective import controls. The reflation drives down the exchange rate (10½ per cent below the base level by 1983) and reduces unemployment by over 600,000 below the base level. GDP is initially about 2½ per cent higher than otherwise but there is no self-sustaining increase in growth. And the inflation rate is much higher—roughly 2½ per cent a year—so that by 1983 the level of retail prices is 7½ per cent above the base run.

The CBI package is assumed to involve the abolition of the national insurance surcharge, a cut in Government spending of £2.9bn and a 10 per cent sterling devaluation. There is smaller initial impact on GDP than under the TUC proposals but a roughly similar effect by the end of 1983. Unemployment would be nearly 300,000 below the base level by the end of 1983. The improvement in activity actually reduces public sector borrowing and the cut in the surcharge means that the inflation rate is only fractionally higher than under the base run.

The whole exercise can, of course, be dismissed as merely showing how the Treasury model works rather than how the economy might respond to either of these packages. The devaluationists argue, for example, that the Treasury model has a faulty relationship between world and UK prices and thus has a bias against the favourable impact of a lower exchange rate. Monetarists maintain that conventional models ignore the importance of expectations and markets. Reflationary measures might therefore do little for output while seriously aggravating inflation, largely through the impact on sterling.

Impact

Yet, despite all these reservations, the simulations are revealing, and hardly cause for euphoria. The base run is initially so pessimistic that both the reflationary packages imply negligible output growth for the next three years as a whole with unemployment higher than now. The CBI's proposals do, however, have a much smaller impact on the inflation rate than the TUC's.

After these simulations were prepared, the CBI produced its own estimates of the impact of its strategy. These aspire to show that output would grow strongly, unemployment would fall to below current levels and that the inflation rate would be less than under present policies. Miracles are seldom so easy. The snag is that neither the Government nor any of the alternative strategies convincingly explain *how* the inflation rate can be reduced from 10 per cent to, say, 5 per cent.

A case of letting sleeping dogs lie

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

ARBITRATION SHOULD be a simple, speedy, and inexpensive way of resolving business disputes in accordance with the customs and standards of fairness accepted in the trade. Alas, it rarely meets all these requirements and quite often does not meet any of them. Frequently the opening moves made by the claimant are not followed by an efficient prosecution: a sword of Damocles is kept dangling over the respondent's head for years. The cause may be a lack of expeditiousness on the part of the claimant, his solicitor or counsel; but sometimes it smells of *blackmail*: the interminable uncertainty may drive the other party to pay something even when there is a very weak claim.

In the now famous case of Bremer Vulkan an attempt was made in the Commercial Court by Mr. Justice Donaldson, as he then was, to establish that courts had an inherent power to stop such harassment by arbitration, if it could be shown that the delays on the part of the claimant were so inordinate and inexcusable that a fair trial was no longer possible. However, to the dismay of many concerned with London arbitration, this ruling was overturned by the House of Lords.*

The court had no such inherent power, said Lord Diplock. The respondent could not rely on the claimant's inactivity if he, himself, did nothing to stimulate the prosecution of the claims against him and preferred to let sleeping dogs lie. The obligation to get on with the case was, in Lord Diplock's view, mutual. Each party was obliged to co-operate with the other to keep the arbitration moving.

It was feared at first that Lord Diplock's judgment was a rock which barred the entrance to a safe harbour. However, a unanimous decision† by the Court of Appeal earlier this month suggests that things are not all that bad.

Lord Denning would not accept Lord Diplock's reasoning as correct. "To my way of thinking the implication is neither obvious, nor reasonable nor necessary. Nor does it accord with reality. If the claimant does not pursue his claim . . . it is said that the respondent is bound himself to do so. Whoever heard of a respondent doing any such thing?" But he had to admit that it was too late for any words of his to make any difference.

Fortunately, the rock did not bar the harbour entrance completely. It was possible to get round it. There was a narrow passage left by Lord Diplock when he said that, like in other contracts, the obligations of the parties under an arbitration agreement may be brought to an end by frustraion or by a repudiatory breach of that agrement by one party if the other party elects to draw such a consequence from it.

Lord Denning and Lord Justice Eveleigh agreed that this entrance opened up a way to stopping an arbitration reactivated after a break of 8½ years, when a fair trial was no longer possible.

But Lord Justice Fox felt unableto follow them. In his view the mutuality of the obligation to keep the arbitration moving, pronounced by Lord Diplock, ruled out any contention that the arbitration agreement could be brought to an end either by frustration r in consequence of repudiation merely because the parties had been so dilatory that a fair trial was prejudiced. He did agree, however, that the facts of the case were different from Bremer Vulkan and allowed a different solution.

In Bremer Vulkan the dispute concerning the construction of five ships started in 1966. The arbitrator was appointed in 1972. In that year, and again in 1975, the parties agreed that the arbitration should also deal with additional alleged defects ~~but the points~~ of claim were delivered only in 1976. By that time witnesses were dead, retired or gone, and Bremer Vulkan asked the court to stop the arbitration because the delay had made a fair trial impossible. As already explained, Bremer Vulkan lost its case in the House of Lords.

In the new case before the Court of Appeal there was not only a delay but a complete silence. The dispute concerned the Splendid Sun, let by her owners on a voyage charter in 1969. In May that year the vessel arrived off Puerto Cabello in Mexico. She was ordered by the consignees of the cargo to proceed to berth number 10. As she was getting near, she grounded, and her rudder was damaged. The cost of the repairs was $221,733.

The owners blamed the charterers, claiming that the berth was not safe as required under the terms of the charter party. The charterers put the responsibility on the owners claiming that it was the captain's duty to bring his vessel to the berth customarily used by other vessels of a similar size. Each side appointed an arbitrator. Nothing more happened for over eight years. The arbitrator appointed by the charterers died in 1975 and was not replaced. Then, out of the blue, on December 29, 1979, 10 years after the accident, the owners wrote to the charterers, and to Mr. Cedric Barclay, the arbitrator appointed by the owners, asking for the arbitration to go ahead.

The charterers went out to Puerto Cabello to look for evidence. They found none. At their request, Mr. Justice Lloyd decided that the delay frustrated the arbitration agreement. The Court of Appeal confirmed his decision to stop the arbitration, though with somewhat different reasoning. The three Appeal Court judges agreed that the arbitration was abandoned by both sides long ago. They sailed past Lord Diplock's rock, but the rock remained where it was.

* * *

There seems to be a clear case for legislation. English law is much too patient with dilatory claims and slow-moving lawyers. In the old times delays could be excused by the time needed to get information from distant ports. Now, a letter from any port in the world can reach London within a few days. If lawyers are over-worked they should not make it so difficult for the young ones to join their ranks. Other arbitration centres have successfully imposed time limits. In Paris‡ it is six months; Moscow and Gdynia have a three-month limit on the terms of reference and six months thereafter for the award. The International Chamber of Commerce requires terms of reference to be stated within two months of dues being paid and an award to follow in another six months.

London arbitrators do not seem to be ready for such fast work, but some at least are in favour of the adoption of reasonable time limits for the claimants. If they do not prosecute their case in time, it should be thrown out. It has been suggested that notice of claim should be given within 18 months of the incident and that the defence should be submitted not later than four months after the points of claim. An award should follow within 12 months of submitting the defence.

This seems to be a very generous proposal, particularly if one assumes that an extension of time could be obtained in the case of real hardship.

Financial Times readers have written to criticise the inordinate delays; perhaps they will now give some thought to a remedy.

* *House of Lords, Bremer Vulkan v. South India Shipping Corporation, 1981. 2 WLR 141* † *(Spindid Sun) Andre et Co. v. Marine Transocean Judgment April 8, 1981.* ‡*Chambre Arbitrale Maritime.*

Today's programme offers variety

RACING

BY DOMINIC WIGAN

THIS AFTERNOON'S schedule will provide a varied midweek programme. ITV and BBC cameras will be at Epsom and Cheltenham. The West and North will have racing at Taunton and Pontefract.

Although the Group Three Princess Elizabeth Stakes is on the Epsom schedule, the most valuable event of the day is Cheltenham's Three Fives Golden Miller Chase which boasts £17,500 in added prize money.

Many National Hunt enthusiasts will be hoping that the Golden Miller Chase will bring another major success for Winter and Francome through the former Gold Cup winner Midnight Court. The top weight, who has sadly proved a shadow of his former self lately, is not a chaser to pass over lightly. But for the moment he seems best watched rather than supported.

My idea of a sounder proposition for the three-and-a-quarter-mile chase is Midnight Court's old foe, Master Smudge, in receipt of 11lbs.

Before the big chase, Three Fives will support another major event—the two-and-a-half-miles Young Chasers' final.

Here, Midnight Court's stable mate, Major Swallow, is expected to take advantage of the absence of one of the season's most exciting young prospects, the Gordon Richards-trained Little Bay.

Ian Balding, who was satisfied with Robellino's second place effort in the Ladbroke Blue Riband Trial, must be hopeful that Leap Lively will go one better in today's classic trial.

Unplaced on her first two appearances on a racecourse, Leap Lively went on to prove herself amongst the best last term with a win in Ascot's Hoover Mile. If, as I anticipate, Leap Lively is to take classic ranking, she must account for Petroleuse in good style here since Henry Cecil's representative is considered a long way behind her stable companion, Fairy Footsteps.

Indeed, if there is to be a turn up, I expect it to be caused by Doobie Do.

EPSOM

2.00—Shared Moment**
2.30—R. J. Wallis
3.05—Leap Lively***

CHELTENHAM

2.00—Cilium
2.30—Major Swallow*
3.05—Hudson's Bay
3.40—Master Smudge

TV/Radio

BBC 1

†Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.45 Roobarb. 9.50 Jackanory. 10.05 The All-New Popeye Show. 10.25 Why Don't You . . .? 10.50-11.00 Play Chess! 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill At One. 1.45-2.00 See-Saw. 2.15 Racing From Cheltenham. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 The Perils of Penelope Pitstop. 4.40 Heidi. 5.00 John Craven's Newsround. 5.10 Blue Peter. 5.35 Fred Basset.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of The Pops.
8.00 Are You Being Served?
8.30 Butterflies.
9.00 News.
9.25 A Spy At Evening.
10.15 Question Time with Robin Day.
11.18 News Headlines.
11.20 Kojak.

All Regions as BBC1 except as follows:

Cymru/Wales — 5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 12.05 am News and Weather for Wales.

Scotland — 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 8.30-9.00 The Current Account Report. 12.05 am News and Weather for Scotland.

Northern Ireland — 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Sportsweek. 10.45 Kojak. 11.35 Question Time. 12.35 am News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Just An Ordinary Ride.
7.25 Mid-Evening News.
7.35 Delia Smith's Cookery Course.
8.00 Will The Real Shakespeare?
8.30 "Heller In Pink Tights," starring Sophia Loren and Anthony Quinn.
10.05 Man Alive.
10.55 Newsnight.

LONDON

9.30 am The Master Builders. 9.55 The New Accelerators. 10.20 Young Ramsay. 11.05 The Adventures of Niko. 11.30 Alphabet: The Story of Writing. 12.00 Gideon. 12.10 pm Get up and *Go!* 12.30 *The Sullivans.* 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take The High Road. 2.00 After Noon Plus. 2.45 Sports Special: Mid-Week Racing from Epsom covering the 2.30, 3.05 and 3.35 races, followed by Show-Jumping at 3.50 (The Birmingham International Championships). 4.45 Bugs Bunny and Friends. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.35 Battlestar Galactica.
7.30 The Kenny Everett Video Cassette.
8.00 The Morecambe and Wise Show.
8.30 TV Eye.
9.00 Funny Man.
10.00 News.
10.30 Show Jumping.
11.30 Thames Report.
12.10 am What The Papers Say.
12.25 Close: "Sit Up And Listen," with Leonard Parkin.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Laurel and Hardy. 9.55 *Rocket Robin Hood.* 10.20 *Call It Macaroni.* 10.45 Brass in Concert. 11.25 Grey Angels from Small Hope. 11.50 The Bubblies. 1.20 pm Anglia News. 4.45 The New Fred and Barney Show. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Benson. 11.30 240 Robert. 12.30 am The Living Word.

ATV

9.30 am Table Tennis. 9.45 Patterns. 10.10 Chopper Squad. 11.00 Sesame Street. 1.20 pm ATV News. 4.50 Salvage 1. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 11.30 ATV News. 11.35 Lou Grant.

BORDER

9.30 am Wildlife Cinema. 9.55 Animated Classic. 10.45 Tarzan. 11.35 Mork and Mindy. 1.20 pm Border News. 4.45 The Little House on the Prairie. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 4.45 Kum Kum. 5.15 Emmerdale Farm. 6.00 Channel Report. 6.35 Crossroads. 7.00 Link-Up. 10.28 Channel Late News. 11.30 News and weather in French.

GRAMPIAN

10.05 am First Thing. 10.10 Larry the Lamb in Toytown. 10.20 Bailey's Bird. 10.40 Patterns. 11.10 Tarzan. 11.55 Halas and Batchelor Cartoon. 1.20 pm North News. 4.45 Kum Kum Cartoon. 5.10 Police News. 5.15 Emmerdale Farm. 6.00 North Tonight. 6.35 Crossroads. 7.00 Top Club. 11.30 Soap. 12.00 North Headlines.

GRANADA

9.30 am Larry the Lamb. 9.40 Bailey's Bird. 10.05 The London Nobody Knows. 10.50 Cartoon Time. 11.00 Sesame Street. 1.20 pm Granada Reports. 4.45 *Little House on the Prairie.* 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 11.30 What the Papers Say. 11.50 Bluey.

HTV

9.50 am Animated Classics. †10.35 "Jet Storm" starring Richard Attenborough, Stanley Baker, Hermione Baddeley, Bernard Braden and Diane Cilento. 1.20 pm HTV News. 4.45 The Wild, Wild World of Animals. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 10.25 HTV News. 11.30 S.W.A.T.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 am Owain a'r Olion. 4.45 Ser. 5.15-5.20 Sparky's Magic Voice. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena. 10.30 All Kinds of Everything. 11.30-12.30 am World Cup Show Jumping.

SCOTTISH

†10.00 am Thursday Matinee: "I'll Be Your Sweetheart" starring Margaret Lockwood, Vic Oliver, Michael Rennie. 11.35 Fangface. 1.20 pm News and road and weather. 4.20 Unaccustomed As I Am. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Mr. and Mrs. 7.00 Take the High Road. 11.30 Late Call. 11.35 Tenspeed and Brownshoe.

SOUTHERN

9.30 am Call It Macaroni. 9.55 The Beachcombers. 10.20 Untamed World. 10.45 Musical Special (Benny Goodman). 11.45 Cartoon Time. 1.20 pm Southern News. 4.45 Laurel and Hardy. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 11.30 Father, Dear Father. 12.00 What the Papers Say.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Survival. †9.55 Morning Movie: "Heavens Above!" starring Peter Sellers. 11.50 Larry the Lamb. 1.20 pm North East News and Lookaround. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.30 Soap. 12.00 Easter—A Living Experience.

ULSTER

1.20 pm Lunchtime. 4.43 Ulster News. 4.45 Schools Challenge. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster weather. 11.30 Bedtime.

WESTWARD

9.20 am Free Time. 9.45 Feature Film: "Ivanhoe" starring Robert Taylor and Elizabeth Taylor. 11.30 Out of Town. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.45 Kum Kum. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Preview West. 10.31 Westward Late News and weather. 11.30 Faith for Life. 11.35 West Country weather, shipping forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 Spread Your Wings. 10.05 Chopper Squad. 10.50 Cartoon Time. 11.00 Bailey's Bird. 11.30 I Am Fijian . . . 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 11.30 George Hamilton IV.

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.00 Star Wars. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee *Travis.* 4.30 Peter Powell. 7.00 Wheels with Dave Lee Travis. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Susannah Simons (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S) including Racing from Cheltenham. *4.00 Much More Music with David* Symonds (S). 6.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.00 The News Huddlines with Roy Hudd. 10.30 Star Sound Extra. 11.02 Sports Desk. 11.05 Peter Clayton with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: John Ireland (S). 10.00 Athena Ensemble (S). 10.55 French Harpsichord Music (S). 11.30 Milwaukee Symphony Orchestra (S). 1.00 pm News. 1.05 Bristol Lunchtime Concert (S). 2.00 In Repertory: "Lohengrin," illustrated talk by Alan Blyth (S). 3.00 Reger and Martinu clarinet and piano recital (S). 3.50 Paris Symphony (S). 4.15 Hans Gal (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Talking About Music (S). 7.30 Conversations with Artists. 8.15 Delius (S). 8.30 Radio Theatre 81. 10.00 The Sanguine Fan (S). 10.20 Words. 10.25 Songs to Poems by Walter de la Mare and Housman (S). 11.00 News. 11.05-11.15 St. George's Canzona (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 *Today, including 6.45 Prayer for the* Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.45 Stories by Saki. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Enterprise. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File on 4. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 The Laughter Singers (S). 4.15 Bookshelf. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Green on Locke: Benny Green on the life and literature of writer W. J. Locke. 7.45 The Royal Liverpool Philharmonic Orchestra (part 1) (S). 8.25 A Sideways Look At . . . by Anthony Smith. 8.45 The Royal Liverpool Philharmonic Orchestra (part 2) (S). 9.45 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Finacial World Tonight. 11.30 Not Just Dots on a Washing Line. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 *Tony Blackburn.* 5.00 News. 5.15 The Good Vote Guide. 5.30 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

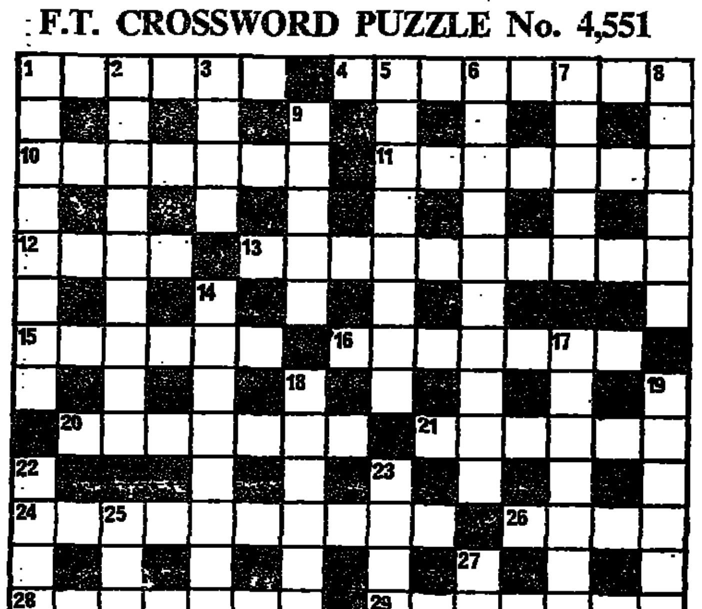
London Broadcasting

5.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Tony Myatt. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne's Rock Show. 10.30 John Sach's Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,551



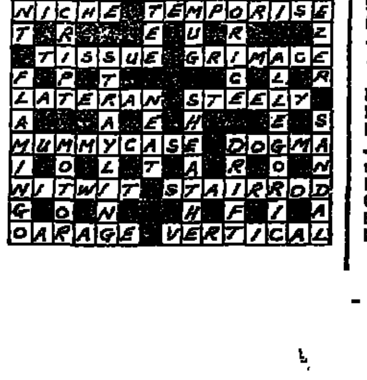
ACROSS

1 Youth one attorney affected (2-2-3)
4 Bloomer flaking out (8)
10 Backward writer on air and sea (7)
11 Useful gift to artist from girl friend? (7)
12 Tall pine (4)
13 Even a row needs frankness (5, 5)
15 Managed like this Frenchman to release money (6)
16 Quiet person with stamina dressing (7)
20 Litter attracts wrong plague (7)
21 Income Tax return (6)
24 Enquiry into method of operating greeting (3, 2, 3, 2)
26 *Diminish sound of cart* (4)
28 Place in southern France with urban shortage (7)
29 More forthcoming about a stamp, right (7)
30 Stop confused tigers in front of the queen (8)
31 Confirm embrace (6)

DOWN

1 Come down to peer in letter (8)
2 Put on sackcloth and ashes to open dance maybe (2, 7)
3 Part of Listener that is to daughter peculiar (4)
5 Arrange lupins at wedding (8)
6 Encouraging person to be fit longer (4-6)
7 Part of machine going up and down (5)
8 Sound arguments if you don't mind (6)
9 English writer *springs* to notice (5)
14 Recover before boring elements fall apart (4, 2, 4)
17 Issue point to mother country (9)
18 Floor covering kind of printer (8)
19 Amount *of* little value to enclose over pole (8)
22 Her pa's disturbed the mould (6)
23 Deck used for a party by navy (5)
25 Grace about to score forced out (5)
27 Small Welsh boy left in Irish parliament (4)

Solution to Puzzle No. 4,550



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA Tonight, Sat & Wed 7.30: ARIADNE AUF NAXOS. Tomor 7.00: JULIUS CAESAR. 104 balcony seats avail on day.

COVENT GARDEN. 240 1066 [illegible] ROYAL BALLET [illegible] 7.30 Swan Lake.

SADLER'S WELLS THEATRE. [illegible] TANZ FORUM DER OPER DER STADT KOLN [illegible] April 27 to May 2 KENT OPERA.

THEATRES

ADELPHI. S. CC. 01-836 7611. Evs. 7.30. Sat. 4.00 & 7.45. [illegible] TONY BRITTON, [illegible] BAYLISS [illegible] MY FAIR LADY [illegible] 01-836 7358 or 01-379 6061.

ALBERY. [illegible]

ALDWYCH. [illegible] ROYAL SHAKESPEARE COMPANY [illegible] NICHOLAS NICKLEBY [illegible] KNIGHT OF THE BURNING PESTLE [illegible] Warehouse [illegible]

AMBASSADORS. [illegible] 150th PERFORMANCE [illegible] J. B. PRIESTLEY'S DANGEROUS CORNER [illegible]

APOLLO. [illegible] CROSS IN [illegible] TOGETHER AND TAKING IT ON THE ROAD [illegible]

APOLLO VICTORIA. [illegible] FREDDIE STARR [illegible] MIKE GOLDIE [illegible] SOUND OF MUSIC [illegible]

CAMBRIDGE. [illegible]

COMEDY THEATRE. [illegible] ARTHUR MILLER'S THE CRUCIBLE [illegible]

CRITERION. [illegible] DAVID DELVE [illegible] REEVES [illegible] TOM LEHRER [illegible] IN TOMFOOLERY [illegible]

DRURY LANE. [illegible] THE BEST LITTLE WHOREHOUSE IN TEXAS [illegible]

DUCHESS. [illegible] GEORGE SEWELL [illegible] IN THE BUSINESS OF MURDER. [illegible]

DUKE OF YORK'S. [illegible] DE LA TOUR [illegible] PERFORMANCE [illegible] KEMPINSKI'S DUET FOR ONE. [illegible]

FORTUNE. [illegible] ROY DOTRICE IN MISTER LINCOLN. [illegible]

GARRICK. [illegible]

GLOBE. [illegible]

GREENWICH THEATRE. [illegible] JUST A VERSE AND WORSE [illegible]

HAYMARKET. THEATRE ROYAL. [illegible] IN OVERHEARD [illegible] USTINOV [illegible]

KING'S HEAD. [illegible]

LYRIC. [illegible] DINSDALE LANDEN [illegible] IN ALAN AYCKBOURN'S TAKING STEPS.

LYRIC HAMMERSMITH. [illegible] ECLIPSE by David Hare. [illegible]

MAYFAIR THEATRE. [illegible] KARMAZOV BROTHERS [illegible]

LONDON PALLADIUM. [illegible] MICHAEL CRAWFORD [illegible] BARNUM [illegible]

NATIONAL THEATRE. [illegible] OLIVIER [illegible] LYTTELTON [illegible] COTTESLOE [illegible]

OLD VIC. 928 7616, CC. 261 1821. S. Last perfs. Ton't & Tomor. at 7.30. Sat at 2.00 & 7.30 Prunella Scales & Timothy West [illegible]

PALACE. [illegible] ROGERS & HAMMERSTEIN'S OKLAHOMA! [illegible]

PALLADIUM. [illegible]

NEW LONDON THEATRE. [illegible] CATS [illegible]

PICCADILLY. [illegible]

PRINCE EDWARD. [illegible] EVITA [illegible]

PRINCE OF WALES THEATRE. [illegible]

QUEEN'S. [illegible]

RAYMOND REVUEBAR. [illegible] FESTIVAL OF EROTICA [illegible]

ROYAL COURT. [illegible]

SAVOY. [illegible]

ROYAL COURT THEATRE UPSTAIRS. 730 2554. GLASSHOUSES by Stephen Lowe. Evgs. 7.30. No latecomers. [illegible]

ST. MARTIN'S. [illegible] THE MOUSETRAP. [illegible]

SHAW THEATRE. [illegible]

STRAND. [illegible]

TALK OF THE TOWN. [illegible]

THEATRE ROYAL HAYMARKET. [illegible]

VAUDEVILLE. [illegible]

VICTORIA PALACE. [illegible]

WAREHOUSE. [illegible]

WHITEHALL. [illegible]

WINDMILL. [illegible]

WYNDHAM'S. [illegible] DEATH OF AN ANARCHIST.

YOUNG VIC. [illegible]

FINANCIAL TIMES

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INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

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THE ARTS

Record Review

Memories of Falla

by RONALD CRICHTON

Falla: *El retablo de Maese Pedro* (Master Peter's Puppet Show). *Psyché*. *Harpsichord Concerto*. Smith, Oliver, Knapp/Constable/London Sinfonietta/Rattle. Argo ZRG 921

Manuel de Falla—ses amis et ses interprètes. 2 records in box. French EMI 2C 153-1641/2

Mozart: *La finta giardiniera*. Conwell, Fassbaender, Ihloff, Sukis, di Cesare, McDaniel, Moser/Salzburg Mozarteum Orch/Hager. 4 records in box. DG 2740 234

Mozart: *Betulia liberata*. Cotrubas, Schwarz, Zimmermann, Schreier, Berry/Salzburg Kammerchor and Mozarteum Orch/Hager. 3 records in box. DG 2740 198

Falla's *Retablo de Maese Pedro* fits so snugly onto one side of an LP that the comparative frequency of recordings is not surprising. The special nature of this small masterpiece (two sets of puppets or a mixture of puppets and mimes) makes it hard to stage, but on record, so graphic and so fascinating is the score that little is lost. The Argo performers—Simon Rattle conducting the London Sinfonietta with Jennifer Smith as the Boy and Peter Knapp as Don Quixote—gave the work on South Bank not so long ago. Recording and performance are equally fine, though sometimes one would trade the immaculate finish for less dreaminess and more raw garlic. One can think of any other English soprano who would do the Boy's role better than Smith, but ideally she should gabble faster and more insolently. Mr. Knapp's Quixote is excellent, Alexander Oliver is a youthful sounding Master Peter.

On the reverse are the Harpsichord Concerto and the song with instruments, *Psyché*. The soprano is again Jennifer Smith (how well her voice records). The sounds are refreshing but the general effect a fraction too slow and languorous—in spite of the Frenchified flute. *Psyché* doesn't really belong to the world of Debussy's *Faun*. By chance the Harpsichord Concerto coincides with the availability in Britain of a French Falla album (further discussed below) containing the now 50-year-old recording made in Paris with the composer at the harpsichord and a distinguished team of instrumentalists, including the celebrated flautist Marcel Moyse and an evidently splendid cellist, Auguste Cruque.

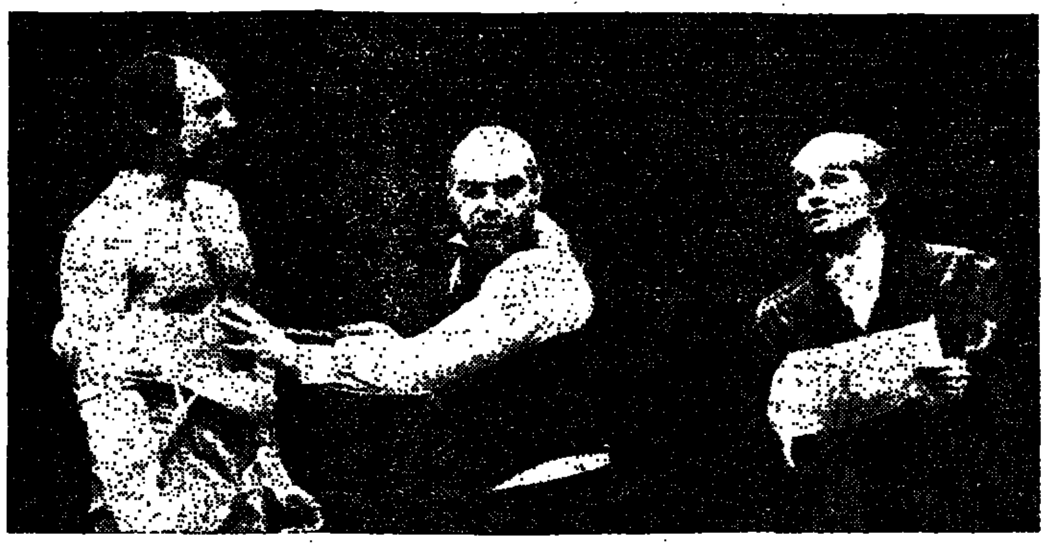
The Sinfonietta's soloist is John Constable, who plays the fiendish harpsichord part with a sharp accuracy at its best in the finale. The remarkable slow movement, however, just won't work with a weeny-sounding instrument trying in vain to roll and crash out those great, spread, dissonant chords. On the old recording, though Falla and his big, Landowska-size Pleyel sound at moments like a grand piano or an organ, the mystical force of the music, the concentrated intensity of his playing, are still detectable through the haze. The finale is a bit hectic. In those days of long takes and no re-working the Sinfonietta's near-perfection was impossible. Even so, the Sinfonietta's cello is too far back. In this work correct balance is always elusive.

When they turn commemorative, the French do so in style. The album issued for the 50th anniversary of Fauré's death was full of buried treasure. So is this Falla "friends and interpreters," well produced with an exemplary essay (French and English) by Jean-Michel Nectoux and a Rusiñol painting on the cover to make up for the absence of *Nights in the Gardens of Spain*. Except for *Atlàntida* and the *Fantasia baetica* almost everything else is there. Falla himself plays two of the *Four Spanish Pieces* on a Welte-Mignon roll, and accompanies Maria Barrientos, an outstanding singer then past her best but still well worth hearing, in the *Seven Spanish Folksongs*. Their "Asturiana" is particularly moving.

To judge from this evidence Falla as a pianist was not unlike Fauré—untidy, with any amount of drive and no inhibitions about "bringing out the tune." We also hear one of the leading players of the time, Ricardo Vines, champion of Debussy and Ravel and teacher of Poulenc, dashing off three of Falla's own arrangements from *El amor Brujo* with fingers like Goya's etching-needle. *Psyché* turns up again in a recording made in Paris *during the war by the* Opéra-Comique soprano Leila Ben Sedira—very good too. And as well as an ancient but still lively second suite from *The Three-Cornered Hat* conducted by Arbós, there is a comparatively recent (1953) *Puppet Show* made in Paris under the direction of Ernesto Halffter, conductor of the first concert performance, at Seville in 1923. The soloists Blanca Seoane as the Boy, Chano Gonzalo as Quixote, Francisco Navarro, as Master Peter, though not better singers than their Argo counterparts, bring a wider variety of timbre and expression.

The Salzburg Mozarteum under Leopold Hager ploughs virtuously on through early Mozart with respectably spruce performances excellently recorded by Deutsche Grammophon, and careful attention to musicological proprieties and recent scholarship the autograph of the first act is lost, but an early manuscript copy, including Mozart's missing recitatives, was recently found in Moravia and used here. DG prefers an interesting, not always successful, mixture of experienced and young soloists. One feels one should admire yet that uneven but most endearing, dotty opera *La finta giardiniera shows the young* Mozart all starched and ironed when he ought surely to appear flushed and dishevelled. The marvellous accompanied recitative that leads into the big love scene towards the end (a page worthy of *Idomeneo*) sounds positively prim.

There are two likable tenors, Ezio di Cesare as the Podesta (but where is his trill?) and Thomas Moser as the Contino. The baritone Barry McDaniel is as ever reliable. Lillian Sukis is developing in an interesting way, but the women are eclipsed by Brigitte Fassbaender in the breeches role of Ramiro, a more-or-less adult Cherubino threat*ening to go off the rails*. The even earlier Italian oratorio *Betulia liberata* (a full-length work with words by Metastasio, on the subject of Judith and Holofernes) has a more vital performance and some impressive numbers. The Judith of Hanna Schwarz (a real contralto in this world of mezzos) is unashamedly dramatic. There are agreeable contributions from Cotrubas, Walter Berry *and Peter Schreier*, but too much ugly Italian declamation.



Tom Wilkinson, David Suchet and Sinead Cusack

Royal Shakespeare Theatre

The Merchant of Venice

by MICHAEL COVENEY

The new Royal Shakespeare *Company season at* Stratford-upon-Avon opens with a staging of luminous clarity by John Barton of this allegedly difficult play. Difficult is normally, in this context, a synonym for unpalatable. But as even Jewish critics are divided on this question (the programme usefully documents the arguments) the theatre is frequently liable to throw up a version that does full justice to the dignity of both Antonio and Shylock.

On such a night as this does Shylock emerge as a man of deep religious conviction whose stubborn adherence to the letter of the law subdues his wrath on hearing Portia's verdict. David Suchet, in a marvellous performance, is a true Jew, unpatronisingly conceived, operating within a Gentile system. Edgy but good humoured with Antonio's friends, we see the sharp edge of his discontent most vividly as he relaxes in a cloud of cigar smoke with his partner Tubal.

It becomes harder to see how Jessica could take so violently against him, but Judy Buxton's spitfire gypsy is more motivated by her love for Lorenzo than by filial loathing.

The action is brought into the audience's lap on Christopher Morley's plain, sloping stage and concentrated there on a circular, raised dais. A wicker backdrop reveals a suggestion of *Venetian poles* and, in the reconciliatory Belmont finale, the moon shining through a leafy, musical wonderland.

Taking their cue from Mr. Suchet, the company performs without trace of affectation or mannerism. Receiving her suitors almost in a melancholic trance, Sinead Cusack invests Portia with translucent intelligence. The caskets are simple boxes thrown vigorously aside *as Bassanio picks the right one*. At last this Portia comes alive, dropping her inhibitions with her grey cloak and, turning on Bassanio, blossoming as an ecstatic vision in primrose yellow.

The *liberation* of Portia continues through the court scene, where Miss Cusack's lawyer is less an impersonation than a revelation of her true crop-haired self. In the exchanging of rings she asserts her independence, for Bassanio now sees he is married to a woman of wit, steadfastness and resource.

Jonathan Hyde registers this point by diluting his admirably confident romantic of the earlier scenes in an expression of wonder and appreciation. Mr. Hyde is the best young Shakesperian lead in the company for some years. The manner in which he deals with Gratiano's (Arthur Kohn) garrulity and Antonio's (Tom Wilkinson) devotion, is both expressive and disarming. With his high profile and splendid voice he cuts what used to be called a dashing figure.

The Gobbos are done as a soft-spoken busking double act and, even if Rob Edwards as the younger misjudges much of his comedy, his presence is at least pleasantly ingratiating. The soft lighting of Brian Harris and the gentle music of James Walker contribute much to an evening of muted good spirits.

Mr. Suchet, condemned to Christianity, retreats with a slow removing of his skull cap and a plaintive unhysterical admission to a feeling of ill health.

Sadler's Wells

Cantata

As part of the final programme of their visit, the Tanz-Forum, Cologne company mounted a new work by Christopher Bruce on Tuesday. The score was Stravinsky's *Cantata* of 1951-52, a setting of late mediaeval religious texts, and the choreographic manner recalls something of Bruce's *Dancing Day*—made for the Rambert School students and seen earlier this year—which, coincidentally, used Holst's realisation of some of the same verse.

Cantata, like *Dancing Day*, appears a simple, peasant-ritual contemplation of a religious theme, but it is richer and more extended in its writing. Beneath Nadine Baylis' décor, an arching fragment from a mediaeval church mural, seven couples dance out incidents from the Christ story, the *choreography stressing choric* celebration from which single figures merge to highlight the most significant moments. There is a sense of simple piety, with restrained, frieze-like group dances using the vener*able linked-chain* form (as in a *kolo* or *hora*), contrasted with more emotionally forceful solos and duets.

The apparent innocence of means is effective: the dancers are gravely concentrated; the account of the score under Nicholas Carr excellent.

The evening had earlier brought a strongly played performance of Hans van Manen's *Situation*. We know this piece from Nederlands Dans Theater seasons: in a box-set made of giant graph-paper, a digital *clock marking the* passage of a sequence of sound effects, a group of dancers act out aggressive encounters, more emotional than choreographic in their tensions. The Tanz-Forum artists are at their best in this: they extract every ounce of drama from the sexual provocations, the images of domination and victimisation in both homosexual and heterosexual liaisons.

The evening had begun with Jochen Ulrich's *Out of Doors*, which takes Bartok's tremendous piano duets — plus the early *Elegy* — as pretext for some all-too-predictable dances. The music was well played; the setting, by John F. MacFarlane, of fields and clouds, was excellent.

CLEMENT CRISP

Lyceum

John Cale by KEITH SHADWICK

John Cale's night at London's Lyceum on Easter Sunday was his first show on these shores for some years. Cale, one of the survivors, along with Lou Reed, of Andy Warhol's Velvet Underground and a leading light in English progressive rock up to the mid-70s, disappeared from the scene at much the same time as John Lennon, before punk got a chance to supersede him. It turned out to be a good move, judging by the large and extremely varied audience he attracted.

When he came out on stage, dressed entirely in black, with an SAS-type black balaclava over his face, it was to a hero's welcome. He and his band responded with a version of the old blues warhorse "Walkin' the dog" which was downright threatening, Cale himself taking an extraordinary solo on bass guitar, of all things, to wrap it up.

With a strong beat from the generally excellent bassist and drummer, and tidy textures from the back-up guitarist and keyboard, Cale switched between guitar and keyboards himself as the band bludgeoned their way through the next four numbers. Cale was evidently in fine voice, his rich tone laced with his customary biting cynicism, but it wasn't until the next song, which Cale started with only his own key*board for accompaniment*, that the crowd were able to hear clearly and decipher the lyrics. From that point of view, things were only to deteriorate as the set wore on, and while both the singer and most of the crowd seemed happy with it that way, it became increasingly clear that the backing players seemed intent on exhibiting musical malevolence rather than real interpretation. Whether *this* was by Cale's request or not was impossible to surmise, but it was clear that a song *such* as "Pablo Picasso" was sheared of a great deal of its musical and verbal subtelty through the crushing weight of sound.

This was a shame, because from an artist like Cale you expect extraordinary things, unpredictable things, live or on record, and while it was undeniable that the set had impact, it was gained at the expense of any real sense of dynamics, either in the musical arrangements or from song to song. By the time Cale reached his encore, "Ready for War," it was hard to escape the feeling that the *bombardment* had already reached saturation point, and there was one listener at least who was ready to give up without a fight.

Palladium

Christopher Cross

Last year the most successful recording artist in the U.S. was —Christopher Cross. At least he won a record five Grammys, the music industry's equivalent of Oscars. To run with this tide his record company brought him, and a fair contingent of the European press, to the Palladium on Tuesday night for mutual inspection.

First sight was amazing—a burly, not to say plump, Texan, with a whiskery fringe and seedy clothes. His voice is high, rather like Jackson Browne's, and his songs have a kind of Barry Manilow nothingness to them. For half an hour he seems *like the prototype* Radio Two record of the week, swimming in molasses but with enough muscle to provide just a glimpse of real life.

But gradually you begin to realise what some of the fuss is about. In no way is Christopher Cross a likely pop idol, nor is he immediately plausible, but his niceness and commitment leave you respecting the man if not loving his music. This is especially true when he arms himself with a 12-string guitar and belts out the chords. For although the songs are muzak the presentation is quite heavy rock. This is the secret of his success.

His award-winning U.S. single "Sailing" is pure middle America—the joy of getting the dinghy out at the week-end and bobbing into temporary escapism. It might not have much connection with the *reality of sailing, at least in the* UK, but it is the kind of fantasy which appeals.

His hope of a British success "Ride like the Wind" is a much raunchier song, bearing the Cross hallmark, a melodic and rhythmic lift in the middle which gives it an obvious impact, but here again, it is all pretty meaningless. But when punched out by an excellent set of musicians, imported from the album, Christopher Cross is effective enough to warrant at least a second hearing. Fortunately he kept the chat to a minimum: with a tiny bass player in Andy Salmon, attempts at deep south bonhommie was too reminiscent of a Two Ronnies send-up to be taken seriously.

ANTONY THORNCROFT

Lyric Studio, Hammersmith

Private Dick by ROSALIND CARNE

Raymond Chandler's fast-talking wise guy looms large in many a young man's fantasies. As a female, I wonder how far I am qualified to judge the lingering appeal of this romantic cynic, the perennial loser who always wins. Philip *Marlowe is counted something* of a hit with our sex. Yet, I am forced to admit that Robert Powell left me cold in this light-hearted but eminently skilful pastiche.

He cannot have had an easy task. Shades of Humphrey Bogart whaft past in his loose gait, his quick hand on the bourbon bottle and his occasionally slurred speech. But Powell is too neat, too nice, to *be a tough guy, too slick, too* darned pretty, too lightweight to be the tongue in cheek scourge of the homicide boys. This is his first stab at Marlowe, and the surrounding crew of mobsters, snarling cops, and routine hoodlums was infinitely more satisfying.

Private Dick was first presented at the 1977 Edinburgh Festival and had its second run in January 1978 at New End Theatre, Hampstead. Co-authors Richard Maher and Roger Michell both wrote their Cambridge theses on Chandler. They certainly know their man. With rare lapses, the snappy concrete images fairly stream out from start to finish. I particularly like the description of arch crook Shamey "with a face like he had it sandpapered every morning." Chandler experts will recognise specific *textual references but, most* importantly, they succeed in recreating the sleazy, self-regarding Californian underworld.

Leonard Burt

Robert Powell and Pauline Moran

The plot is ingenious and confusing, almost as ingenious and confusing as Chandler's own. The man himself takes part as Marlowe's client, brilliantly realised by Ronald Lacey as a thoughtful, sloppy-looking hack writer with tastes not dissimilar from Marlowe's own. Of course there is a dame, the dangerous porcelain beauty Miss Melissa Wanderly. Pauline Moran is perfectly cast as this stunning, independent young lady with a small pistol and a larger *than life smile, like a* single daffodil in a foggy L.A. spring. The other member of the cast, Ronnie Letham, plays a fine cross-section of equally unpleasant personalities. He is particularly sharp as the brutal comic gangster Kusnitz wired up in a hard steel collar.

The mellow forties-style music, by Ed Welch and, in particular, Eileen Woodman's husky tones, provide some of *the most memorable moments* in an otherwise unmemorable evening.

Festival Hall

London Philharmonic

by DAVID MURRAY

Having devised a very odd French programme for Tuesday's concert Riccardo Chailly became indisposed, and his place on the podium was taken—very creditably — by an emigré Russian, Woldemar Nelsson. He substituted Debussy's *L'Après-midi d'un faune* discreetly for Offenbach, but went manfully through with the ballet music from Gounod's *Faust*. The latter sounded no more like primitive Chaikovsky than it would with any respectable British orchestra. Only a convincing French sound was missing from the *Debussy* (and perhaps a refined pianissimo, too): the pace and proportions Nelsson assigned to it were eminently stylish, with the melodic line kept almost seamless.

The soloist in Chausson's *Poème* was Gidon Kremer. Not having seen him before, I was *not expecting* a Russian hippy violinist—a straggling mane, shades and continual sliding dance steps: my companion observed accurately that he evoked old caricatures of Paganini. He brought piercingly sweet tone to *Chausson*, and suitable intensity: he allowed himself looser rhythm —especially in the famous double-stop passage—than is probably wise in the piece, but it was a performance of unmistakable distinction.

His other offering was Milhaud's "cinéma-fantaisie" on *Le boeuf sur le toit*, which proved to be the *Boeuf* that we all know and love, or not, with a mad virtuoso violin attached. A rum affair, neglected surely as much because of its pointlessness as because of its fearful solo difficulties; Kremer, plainly enjoying it, did spectacular things with his instrument. The L.P.O. sounded less confident. But their account of Ravel's *Boléro gave* resounding satisfaction: assisted by a drummer of superhuman cool and a splendid set of orchestral soloists, Nelsson kept to the statutory tempo implaccably and fired the whole with a fierce swagger. Ravel would have been delighted. Nelsson deserves to be heard in more ambitious music.

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Thursday April 23 1981

The cutbacks in steel

THE FATE of Hadfields, the private steelmaking company which yesterday announced redundancies for 1,900 out of its 2,600 workers, has been determined more by the state of the steel market than by the policies of the Government. There is certainly inequity in the treatment of the private sector of the steel industry, but in the end Hadfields' fate was inevitable. It is hard to see how anybody involved in the whole painful saga of rationalising Britain's steel industry could have behaved differently in order to avert the major closures which are now taking place.

Subsidies

Mr. Derek Norton, Hadfields' chairman, puts most of the blame for the closures on what he calls "the judge, jury and hangman attitude of the present Government and the nationalised steel corporation." In particular, he believes that Hadfields' losses of £1m per month since last summer are due largely to BSC's price cutting, which, in turn, is only made possible by the vast subsidies which BSC has been granted by Sir Keith Joseph's Industry Department.

However, the fundamental problem is not the pricing policy of BSC, but the uneconomic pricing of steel in the European market generally. This, in turn, is a consequence of overcapacity in the world and especially the European steel industry. While it may be true that, since the adoption of Mr. Ian MacGregor's new corporate plan, BSC has been undercutting private steelmakers more aggressively than in the past, foreign competitors would have prevented private steelmakers such as Hadfields from maintaining the price level which they need for profitability. But even without foreign competition, Britain's domestic steelmaking capacity far exceeds the requirements of Britain's manufacturing industry. BSC has already imposed large cuts in output and unprecedented reductions in manning. But further cuts are still required both in the public and the private sectors before Britain's steelmaking capacity is reduced to a sustainable level.

Manning

From the national point of view, it is important that as much as possible of the plant that is left after the shakeout should be modern, efficiently manned and suited to the requirements of the market. In the case of the engineering steels sector in which Hadfields operates, these criteria pointed to the closure of Hadfields, rather than of BSC's or GKN's engineering steel plants. Even after the retrenchment announced by Hadfields and after closure of Duport's more modern steelworks at Llanelli in February, there will be substantial overcapacity in this sector. It is therefore understandable that BSC should have been seeking the complete closure of Hadfields as a condition for taking over part of its liabilities under the so-called Phoenix Two rationalisation programme.

But it is also possible to sympathise with the anger felt by Hadfields' management and workforce. The workers who have done a great deal to increase the company's productivity, but who Hadfields is making redundant, will receive only a fraction of the redundancy payments enjoyed by their counterparts in BSC. The private sector, already penalised because of its state-subsidised competitor, cannot afford to be remotely as generous as the Government in the redundancy terms it offers.

Dominance

The management of Hadfields and other private steelmakers which have been involved in restructuring talks with BSC feel incensed by the huge disparity in bargaining power between their own struggling companies and the BSC. There are understandable misgivings about whether BSC's dominant role in the negotiations means that efficient private steelmakers may be sacrificed not in the interests of the industry as a whole but in the interests of the state corporation.

Given the huge surplus of capacity, the scope for genuine *rationalisation between public* and private sectors is limited. The danger is that any joint ventures which are formed will increase, rather than diminish, BSC dominance in the steel market. Whether the rationalisation programmes eventually result in a financially viable BSC which can then be hived off to the private sector is still very much open to question. But for the moment, there is little that the Government can do to ease the pain in the private sector. The only alternative to further closures would be pumping even more public money into an industry that is already imposing excessive burdens on the taxpayer.

Gibraltar: no easy answers

GIBRALTAR, the last remaining colony in Europe, can observe two politically charged anniversaries this spring. On June 8, 1969, General Franco cut off the Rock's land communications with Spain. On April 9 of last year Lord Carrington, British foreign secretary, and the then Spanish foreign minister agreed in principle that officials should work out terms for re-opening the iron gates.

The gates are still shut. Next Tuesday a party from the select committee on foreign affairs of the House of Commons will go to Madrid to see what has gone wrong. *The Spaniards plead* administrative difficulties — a phrase that probably covers the Madrid Government's reluctance to upset the armed forces.

Campaign

To them, Gibraltar's colonial status is an insult to national pride. General Franco's quasi-blockade was part of a long campaign to regain Gibraltar, though in practice it proved to be self-defeating. It merely intensified the traditional dislike of the Gibraltarians for Spain.

The colony has contrived to live quite comfortably behind the locked gates. The 4,800 Spanish workers who used to cross the border daily have been replaced with Moroccans. General Franco's endeavour to provide alternative jobs by building up industries near the border has proved a flop.

In a succession of elections Gibraltarians have, in effect, voted for the *status quo*. A party advocating joining the UK is in opposition, and a pro-Spanish group is not even represented in the House of Assembly.

Incorporating Gibraltar in the UK is out of keeping with the temper of the times and would needlessly upset Spain. Yet in its present condition Gibraltar is wholly dependent upon Britain. It receives a subsidy from the Treasury and derives its main income from the British naval base. To this day the Rock is a strategic position for anyone who wants to gain—or prevent—passage through the Straits. The military case for maintaining the [illegible] *quo* could therefore be reconsidered once Spain has gained admission to Nato.

But Britain must also consider that by tradition and descent the 30,000 Gibraltarians are only partly Spanish. They also have Maltese, Genoese, North African and British strains. Technically they are members of the EEC, though they are subject neither to the Community's external tariff, nor to its farm policy. Re-opening the gates would help the tourist trade and bring relief in some other areas: but the pressures are not overwhelming.

Once Spain is in the EEC all that would change. The gates would have to open and the controls imposed in the past on Spanish labour could not be re-instated. Spanish businesses could move in. That is why a *modus vivendi* must be found in the interests of Gibraltarians themselves.

The suggestion has been made that Britain should exert pressure by stalling the negotiations for Spanish membership in the EEC. Doing so could severely embarrass the democratic regime in Madrid, and the idea has been rejected as not helpful by Sir Ian Gilmour, the Lord Privy Seal.

Value

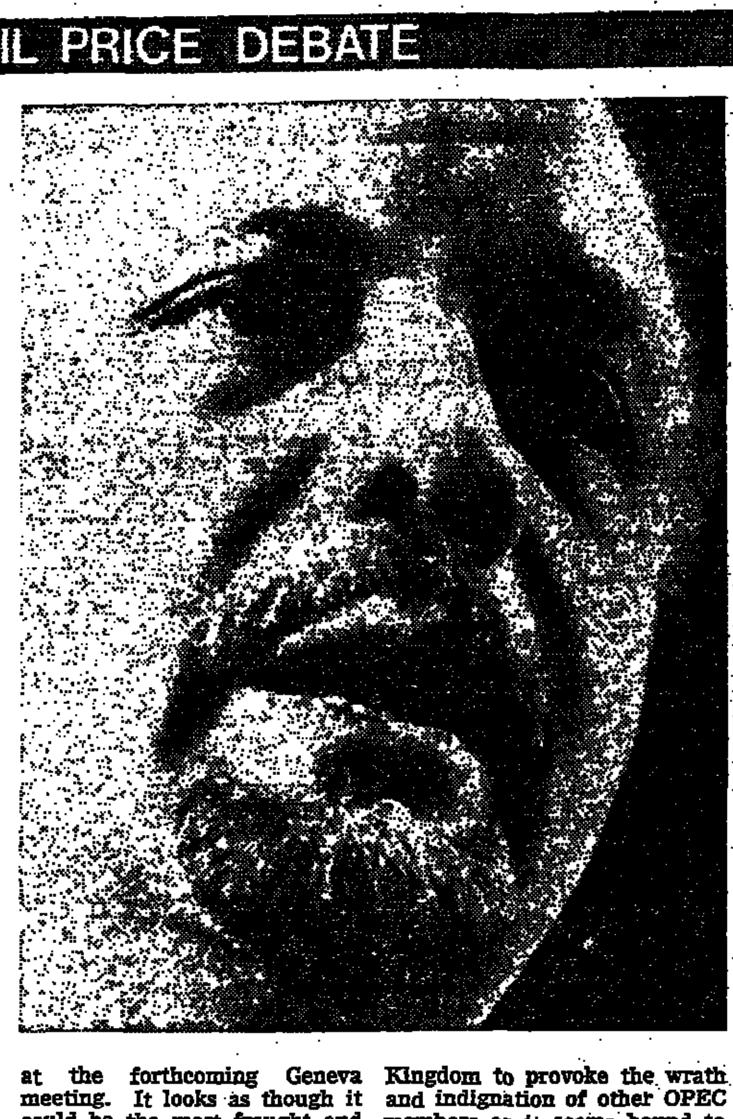
Unhappily there is no easy way out. The end of the Franco dictatorship has removed one obstacle but the economic arguments against joining up with a backward area of Spain remain strong. Last, not least, Britain is pledged to honour the wishes of the Gibraltarians themselves.

Given good will on all sides an arrangement for the future of Gibraltar should not prove beyond the wit of man to devise: Spain already is host to U.S. military bases of all but extraterritorial status. But the symbolic value of Gibraltar is immense, and the Spanish Government, having barely survived a coup, can ill afford to flout nationalist feeling. All that seems to remain for the moment is Lord Carrington's wish that Spain and Gibraltar will in time learn to live together, and his hope that patience will eventually be rewarded.

OPEC AND THE OIL PRICE DEBATE

Why the Saudis want an oil glut

Sheikh Ahmed Zaki Yamani (right) is the key figure in Saudi Arabia's resolve to keep oil production at a level which stabilises prices and gives it back control over OPEC's pricing policy, Richard Johns reports. Below Ray Dafter says that the world oil market has softened faster than predicted. But as one senior oil executive says: "A revolution here, a gun shot there, could change the situation overnight."



"WE engineered the glut, and we want to see it in order to stabilise the price of oil."

With these words Sheikh Ahmed Zaki Yamani this week described Saudi Arabia's oil pricing strategy, one which has already angered some other members of OPEC and could lead to acrimonious exchanges when the oil producers meet in Geneva on May 25.

Against a historical background of Saudi caution and inhibitions, Sheikh Yamani's words were almost breathtaking in their boldness. Traditionally Saudi leaders and spokesmen choose their words with deliberation, to the point of ambivalence, to avoid causing offence.

This time, however, it appears to be different. The Saudis are pressing hard for the restoration of a coherent price structure for oil as part of the long term strategy which they believe is vital for OPEC and which they nearly persuaded the organisation to adopt last year.

To achieve this they are prepared to keep their oil output at 10-10.3m barrels a day despite the current world surplus on the market which is generally reckoned to be 2-3m b/d.

But behind this new found assertiveness there are believed to be divisions within the ruling House of Saudi and the technocrats who advise them. Some of them argue that the Kingdom, which is already worried that its vast financial surpluses are depreciating by an estimated 5 per cent a year, should be producing much less oil.

Sheikh Yamani, of course, is not the ultimate arbiter of the Kingdom's oil policy, but he exercises great influence through his advice and is unlikely to have talked out of turn. And, as far as some members of OPEC are concerned, his remarks are clearly confrontational.

The Saudi regime's concern with the economic health of the West and consciousness of its interdependence with it are well known. So, too, is its wish to bring about a realignment of the basic reference price for oil set by the Gulf producers who account for the greater part of the world's exports.

The Saudis see the restoration of a coherent structure as a precondition for adoption and implementation of the recommendations of OPEC's Ministerial Committee on Long-Term Strategy, which was chaired by Sheikh Yamani. These include the proposal for indexing prices to take account of inflation in the industrialised countries, currency fluctuations, and the real growth rates of members of the Organisation for Economic Co-operation and Development.

The report could be seen as a responsible attempt to restore a measure of order and coherence to the market, and the mechanism would still guarantee regular price increases. But it has met with varying degrees of outright opposition from Iran, Libya and Algeria. And it is doubtful whether other members of OPEC like Kuwait, would abide by a system designed in part to contain wild price escalations, even if they had formally agreed to it.

So, in relentlessly pursuing its goal Saudi Arabia is risking bitter opposition within OPEC at the forthcoming Geneva meeting. It looks as though it could be the most fraught and rancorous meeting since the one at the end of 1976.

The hostility aroused, particularly on the part of Iran and Iraq on the Kingdom's doorstep, made the experience an uncomfortable one.

For the Saudi regime's basic concern has been—and still is—the stability of its immediate environment. Accordingly, it has been concerned always that rifts on oil policy should not spill over into the political arena.

On the face of it, this hardly seems an ideal time for the Kingdom to provoke the wrath and indignation of other OPEC members as it seems bound to do. There is tension in the Arab world over the U.S. Administration's ... attitude towards the Palestinian problem and the primacy given by it resisting Soviet encroachment in the Gulf.

While negotiating with the U.S. for more sophisticated weapons systems, Riyadh has felt forced to avoid too close an identification with Washington and any appearance of sheltering under an American umbrella.

Less well appreciated is the extent of the criticism and questioning within the Kingdom of some leading senior technocrats—a term that includes ministers—and indeed some leading princes over the depletion of an irreplaceable resource at a rate not justified by the state's financial requirements.

In the Kingdom's current fiscal year, which is about to expire, the Government could have accumulated a surplus of up to $40bn. The indications are that the foreign assets at the command of the Saudi Arabian Monetary Agency could rise to over $150bn by the end of 1981.

Saudi Arabia is determined to assert itself and achieve a victory by imposing some kind of order over OPEC's price structure. It also wants to take a decisive lead advancing the claims of the developing countries in the forthcoming North-South dialogue, which is one of the basic pre-occupation of the Ministerial Committee on Long-term Strategy.

Beyond that, one can only speculate as to what the House of Saud is looking for in return. What, by any objective analysis, looks like a show of spectacular gallantry cannot by its very nature be disassociated with the Saudi Government's operative request—pitched as no less than a test of friendship—for advanced airborne warning control systems (AWACs), as well as improvements to the F-15 aircraft that it has on order.

A more flexible or pliable approach to the Palestinian problem might also be part of such an equation.

Those leading spokesmen, not least Crown Prince Fahd, have carefully avoided responding to ticklish, embarrassing questions about the "Arab oil weapon." Out of diffidence and politeness, inscrutable Saudis have in the past tried to avoid linking such crucial issues explicitly—and still do so. But that issue in particular is still very much involved in the obscure decision-making process of the House of Saud.

How a surplus created a 'critical' situation

THE GLUT of world oil supplies which is now eroding some of the more extravagant prices has arisen far more quickly and emphatically than the Organisation of Petroleum Exporting Countries expected.

Dr. Humberto Calderon Berti, Venezuela's Energy Minister and a leading OPEC figure, said on Tuesday that the supply surplus had created a "critical" situation within the organisation. Four months earlier at OPEC's ministerial meeting in Bali, Indonesia, Dr. Calderon Berti had emerged into the sunlight on several occasions to tell the Press that the unity of the organisation was more important than the quest by some members for big price increases.

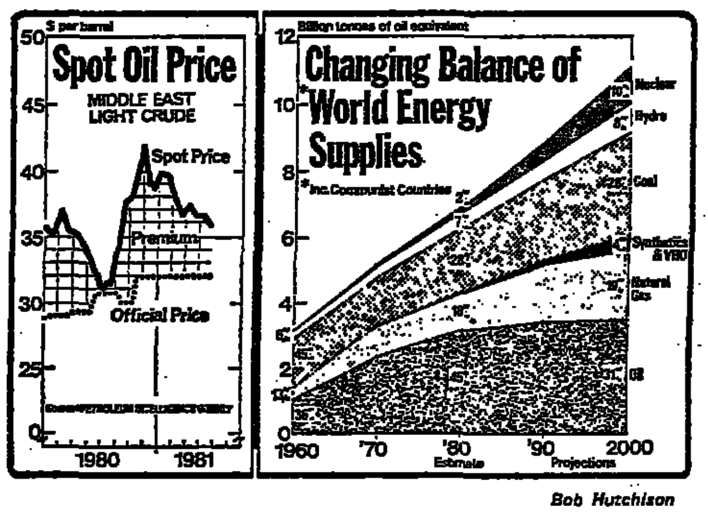
In the event political unity was maintained and official prices were forced up to a slightly higher-than-expected level, to $41 a barrel in some cases. Premium surcharges—$5.50 a barrel in the case of Kuwait—accelerated the pricing spiral.

The increases, coinciding with a recession-led weakening in the market, were more than the industry would bear. Hence Western oil companies — among them British Petroleum, Royal Dutch/Shell, and Gulf Oil—have recently been resisting Kuwaiti demands for premium payments. Atlantic Richfield has ended two secure but high-priced Nigerian contracts involving 60,000 barrels a day. And Ashland Oil has suspended purchases of expensive crude from Mexico and Cameroon.

In many markets, especially in Western Europe, companies have been unable to recover the full cost of crude in their depressed sales of products like petrol and heating oils. Companies without access to large quantities of relatively cheap Saudi crude have complained that they have been trading at a particular disadvantage.

Even the industry's big profits belie the fact that many large companies are being forced to return to the debt market because their future capital expenditure programmes are growing at an increasingly faster rate than their earnings. Exxon, for instance, reported 1980 earnings of $5.66bn, but then announced it was planning to spend as much as $11bn this year on capital investment and exploration.

As a good barometer of the softening market spot cargoes of Middle East light crude can now be bought for around $35.50-$35.75 a barrel as against $41-$42 towards the end of last year. It is possible to buy spot cargoes of some North Sea crudes for $3 a barrel less than the contract rate.



Bob Hutchison

Certainly the chances of any significant price increase being agreed at the next OPEC meeting in Geneva on May 25 must now be extremely remote. The economic recession and Saudi Arabia's decision to maintain its very high output have seen to that.

The Saudi production, at between 10m and 10.3m b/d, now accounts for over 40 per cent of OPEC output. The membership of the organisation as a whole has already been forced to pare its production down to 24m-25m b/d in an attempt to maintain some semblance of supply and demand balance. Several more million barrels a day may have to be cut given the way that non-OPEC oil production is increasing and worldwide demand for oil is falling away. Iran's plans to double oil exports to an average level of 2.5m b/d for the next year—as revealed yesterday—can only aggravate the supply and demand imbalance.

In December OPEC was working on the basis that 1981 oil demand in the non-Communist world would be between 47.5m and 48.5m b/d. A few months ago international oil companies were also forecasting that this year's demand would be around 48m b/d.

A straw poll of similar companies yesterday suggested that *demand could be between 46.5m* and 47.5m b/d. At the moment demand is down to around 45m b/d—in sharp contrast to the 49.5m b/d average in 1980 and the 52m b/d demand in 1979.

Mr. Wallace Hopkins, deputy director of the International Energy Agency, told a conference in Rome earlier this month that the rise in oil prices was the largest single factor behind the drop in demand. The increases had led to a "psychological appreciation among consumers that there is indeed an energy crisis," he said.

People were using less electricity and conserving fuels; motorists were driving less, often in smaller cars. Electricity utilities around the world were switching from oil to coal or natural gas; and the use of improved insulation in homes, commercial buildings and factories was saving fuel generally, and oil in particular.

One major company which was forecasting only two or three years ago that non-communist oil demand would reach 60m b/d by 1990 now doubts whether demand will ever again rise above 50m b/d. Exxon, the biggest energy company of all, has produced estimates showing how, during the next two decades, crude oil will account for a smaller percentage of world energy growth than any of the other fuels—coal, gas, nuclear hydro-electricity or even synthetic and very heavy oils. In the 1960s and 1970s crude oil accounted for 63 and 44 per cent respectively of energy growth.

Yet in spite of all the encouraging signals this is no time for complacency. Dr. Ulf Lantzke, executive director of the International Energy Agency has warned that the mistakes of the 1975-78 period, when oil prices fell in real terms and gave rise to the "dangerous illusion" of a return to the age of cheap oil, must not be repeated.

Oil still remains the major energy source and even in the current market OPEC continues to dominate the scene, providing half of the non-communist world's supplies. As a senior executive in one of the major oil companies commented last night: "A revolution here, a gun shot there, could change the situation overnight."

MEN AND MATTERS

Boots boss steps out

Boots chairman Sir Gordon Hobday — "not an avid television watcher, but an average one"—is the choice of ATV Midlands to head the Board which takes over the dual Midlands independent television franchise from next year.

The appointment takes ATV, a subsidiary of Lord Grade's Associated Communications Corporation, a step closer to fulfilling the demands made by the Independent Broadcasting Authority when the new franchise was granted last Christmas. The IBA has already approved ACC's scheme to sell off 49 per cent of shares in the television operating company; the final hurdle is a change of name to reflect the spread of ATV's constituency.

Hobday joins the ATV Board next month. On his election to its non-executive chairmanship, Lord Windlesham renounces that title while remaining managaing director. Hobday's appointment is particularly felicitous in view of ACC's campaign pledge to build new studios in Nottingham. Not only is Boots headquartered in that city, but Hobday's own roots are firmly grounded in the region. He was educated at Long Eaton Grammar School and Nottingham University, and two years ago was installed as that University's Chancellor.

Hobday's other main extramural appointment of recent years was as a deputy chairman of the Price Commission, which he left in 1978 because it consumed too much of his time. "Very much in excess of the one day a week which I expected," he explains.

He is coy on the subject of whether the ATV appointment presages his departure from Boots. While readily admitting that, at 65, he will be retiring "before very long," as far as the precise timing is concerned, "I wish you to draw your own conclusion."

The choice of a new name will be one of the Board's immediate preoccupations. The elimination process is still at the long- rather than short-list stage, but champagne-thirsty readers of this column who offered their own suggestions will be glad to know that they are well represented among the contenders.

"I think they are trying to put the waiting back into wanting!

Topped out

Advertising agency Leo Burnett makes a humorously pointed rejoinder this week to Rupert Murdoch's decision to end its £500,000-a-year job of selling The Times.

The agency reproduces several of its successful "Have you ever wished you were better informed?" ads in the trade magazines Marketing Week and Campaign—and adds: "One day Rupert Murdoch may wish he had been better informed."

Dennis Barham, the agency's chairman, wishes The Times "all possible success" but admits to being a little put-out by the brusque way in which Leo Burnett was dismissed along with most of the newspaper's marketing department.

"After all, we have been running campaigns for The Times for 20 years," he says. "We had a lot of experience to offer. But they wouldn't even talk to us."

Barham decided on the agency's response to "show how proud we are of the work we have done." The Times' circulation may have fallen from 360,000 when it reappeared after the year's stoppage to 275,000 now, Barham says, "but that's got nothing to do with its advertising."

"The paper is basically too stuffy . . . too heavy-going for new and younger readers," he says. "Changes will be needed . . . but I'm sure Murdoch is informed about that."

St. Piran's Day

Not before time are matters moving apace at the small but noisy Saint Piran, whose shares have been suspended since last May with former chairman Jim Raper at odds with the Take-over Panel over who owns how much of the mining and property company.

Raper's Gasco bowled a googly with its 50p bid, under the 85p threshold set by the Panel. But eyes are turned for the moment towards Burma Mines, whose chairman, Tom Scrase, is senior partner of stockbroker Gittins and Company. Burma has been limbering up with its advisers for a bid to top Gasco's, and that, I gather, could come as early as tomorrow, or perhaps shortly after the weekend.

*The Burma bid looks effec*tively like a rights issue for the company, which has investment trust status. Though Burma's plans would be to sell off Saint Piran's assets, the money would go for reinvestment by Burma rather than in special distributions to shareholders.

Burma has been scouting potential buyers, should its bid go the course, and Scrase holds out the possibility that Saint Piran's assets could be worth as much as £1 per share.

It remains to be seen whether the surge of activity will tempt any further bids out into the light. There is, however, little point in looking to Dundonian, says chairman Max Lewinsohn, despite the similarity of its interests with Saint Piran's, and his own participation in a boarding party two years ago. It is possible, however, that Dundonian might be interested in picking up some pieces. "We are sitting and watching developments with interest," says Lewinsohn.

Deputies dogged

Like politicians everywhere, Portugal's 250 parliamentary deputies find it difficult to stop talking. Ministers especially tend to stretch a speech to the limits of human endurance. One memorable night in 1977 Socialist Prime Minister Mario Soares kept going until 5 am despite the weary protests of the Speaker.

All that has now changed. Deputies returned for the post-Easter session to find the Speaker equipped with a set of "traffic lights" to control the flow of verbiage. A deputy gets the green light for nine minutes, an amber warning for a further minute, and then the red light. If he does not stop within 30 seconds, the microphone goes dead.

The new system has worked wonders. No deputy has overrun his time, disciplined as much as anything no doubt by the thought that without a microphone, the chamber's dreadful acoustics would merely ensure he was talking to himself. A fate no politician cares to conceive.

Past a joke

Heard at a careers conference: "I'd like to do history, but Dad says 'Where's the future in that?'".

Observer

The real arguments about interest rates

THE SECRET has now dribbled out. The mystery surrounding the meeting of central bankers in London a little before Easter, rumoured to be concerned with interest rate disarmament, is simply that there was no mystery. The participants had nothing to say afterwards simply because there was nothing to talk about; nothing was achieved and nothing agreed.

Why not say so, then? The central bankers may simply have been indulging in a little natural self-importance, or they may have felt that the markets would react badly to an open confession. Either way, it seems rather a pity; for the

The old-fashioned Friedmanite belief: only cissies worry about interest rates

present exchange of discourtesies about interest rates between Paris, Bonn and Washington, whether it is based on honest misunderstanding or, more likely, on electioneering, is simply distracting attention from the real issues raised by high interest rates. This is not a matter of international rate disarmament, for there is no international interest rate war. The question is one of domestic policies, in the U.S., and also in Germany; and at a deeper level, of the appropriate way to handle the problems of oil surpluses and recycling.

This may seem rather a bald statement; after all, recent increases in German interest rates are explicitly intended to counter the pull of dollar rates, and protect the international value of the D-mark. However, it takes two to make an interest rate war, and while German policy may be dominated by international considerations, U.S. policy is not. The Fed is simply trying to achieve its monetary objectives, complaining vocally that the Administration has not provided enough fiscal support in the struggle. In reply, such Administration spokesmen as Mr. Beryl Sprinkel tell the Fed to stop worrying about interest rates, and get on with controlling the money supply.

Anyone in London, from the Chancellor downwards, must be tempted to shake his head sadly when senior officials in other countries talk about interest rates in this carefree way. Is it not possible for other countries to learn the bitter lessons of our own experience without going through the same sufferings? If Mr. Sprinkel and other hard-liners were simply displaying their monetarist virility — the old-fashioned Friedmanite belief that only cissies worry about interest rates — such a reproach would be merited. Certainly the French and Germans know better; they protest about high rates because they regard them as a menace.

Four views of high interest rates (from left to right): Karl Otto Poehl deplores them, Raymond Barre denounces them, Paul Volcker regrets them, Beryl Sprinkel says they don't matter

Most American monetarists, however, are arguing from a totally different set of assumptions. They are not insouciant about interest rates, but sincerely believe that a determined monetary squeeze is the best way to get rates down. If you go to the St. Louis Fed, for example, you will be told that rates are high only because excessive monetary growth has aroused expectations of rising inflation; an effective squeeze will raise rates in the short run, but get them down in the quite near future.

This is part of the rational expectations hypothesis, first developed by Mr. Thomas Sargent at St. Louis, and sustained in this country by Professor Patrick Minford at Liverpool. It may sound unduly optimistic, like Professor Minford's recent economic forecasts for the UK, but it is at least intellectually consistent; if everyone was a convinced monetarist, the world would surely work like this.

In the real world, however, many of those who set the tone in the markets are only half-convinced monetarists — or indeed wholly unconvinced. For those whose faith is shaky, the idea that we can break through into a world of non-inflationary growth by facing up to the brief discomfort of a short bout of dear credit seems questionable. When the idea that you can get interest rates down through a purely monetary squeeze is combined with the Lafferite belief that you can reduce Government borrowing by cutting taxes, ordinary mortals become downright alarmed.

On this test Mr. Paul Volcker, the chairman of the Fed, is not a monetarist, but an ordinary mortal. Yet the American New Right holds these beliefs. They criticise Mrs. Thatcher not because she practised contradictory fiscal and monetary policies until March 10, but because they were not contradictory enough. She should have squeezed money harder and cut taxes much more sharply.

For the moment, in short, the ups and downs of U.S. interest rates are simply waves on the surface of the deep waters of American policy. These waves may well be threatening to swamp much of the rest of the free market world, as the Germans and the French believe; but before there can be any useful international discussions, someone must convince President Reagan and his Cabinet that they cannot make economic policy in isolation. This is the agenda for a political summit, not for a meeting of central bankers; Mr. Volcker needs no telling.

What arguments might prove persuasive? Complaints of domestic discomfort from Herr Schmidt or M. Barre are not likely to melt a President who is struggling to get a really painful and radical budget through Congress. However, there are more fundamental considerations which might well strike home.

On the domestic front, there are two quite inconsistent lines of thought in the Reagan Administration: the Lafferite New Right and the older balanced-budget school of thought which seems to include both the President and Mr. Donald Regan, the Treasury-Secretary. There is a perfectly respectable monetarist case for fiscal austerity; Professor Minford is a leading fiscal hard-liner, for example.

The underlying thought is simply that in the long run excessive printing of Government bonds is just as inflationary as excessive printing of banknotes. Mrs. Thatcher would have no difficulty at all in arguing this brief, and nor would M. Barre. Herr Poehl of the Bundesbank would no doubt be delighted if the German Federal Government could be persuaded of the same doctrine; the huge federal deficit has a good deal to do with the equally yawning deficit on the German current account, and the weakness of the D-mark.

Of course, the suggestion that tighter fiscal policies would be appropriate in the world at large is bound to be controversial; the Cambridge 364 would find many international sympathisers. Indeed, after the first oil shock in 1973 the argument for opposing recession with higher borrowing was preached by the OECD on behalf of all Western governments, and found little dissent. I believe that the reasoning was as misguided internationally as it seems to have proved domestically, and it needs to be exposed.

The argument for accommodating the expected OPEC surplus through larger Government deficits in consuming countries was impeccable in purely demand terms. The huge OPEC surplus was a large rise in savings, in international terms. This, other things being equal, threatened to provoke a slump, so the savings had to be offset.

However, if the same problem is viewed from the supply side, it is immediately apparent that other things were not equal. The rise in oil prices and oil surpluses was not simply an isolated change in behaviour—an exogenous shock. It was the first, convulsive response to a profoundly changed energy situation which required many other responses.

The sudden realisation that the cheap oil which had fuelled the expansion of the 1960s was exhaustible and insecure was a challenge to the whole industrial structure built on cheap oil. It required a vast investment in energy saving, new sources of fuel, and radical change in such industries as the motor industry. This was and is largely "non-productive" investment, because it does not add to output, but is necessary simply to maintain previous levels of output. It is like the crises which follow wars and natural disasters.

We have, unhappily, enough experience of such disasters to understand the economics of reconstruction pretty well. Recovery is attained not by encouraging consumption, but by restraining it to make room for investment—a regime of tight budgets and cheap capital.

If the capital is to be supplied from overseas, these arguments are redoubled. High interest rates may be regarded as desirable if a low level of domestic saving is regarded as a problem (another reason, unfortunately, why the Reagan Administration can live happily with high rates). The same high rates are hardly desirable if the result is simply to compound the accumulated OPEC surplus which demand-managers regard as the source of the recession.

The fact is that the threatened slump in activity was a myth; there was always an ample investment shopping-list

The OECD does not convey messages in the persuasive prose of Churchill or Lincoln

as long as capital was cheaply available. Post-1973 policies simply postponed the uncomfortable need to cut consumption.

These are not novel arguments. The OECD had second thoughts long ago, and has preached the need to restrain consumption. In its last Outlook in December it warned members against reliance on high interest rates and consequent exchange rate increases as a weapon against inflation. Unfortunately, the OECD does not convey its messages in the persuasive prose of a Churchill or a Lincoln; yet restraining consumption is a harsh political challenge. Our present troubles with interest rates are just one symptom of the fact that we have not yet faced it.

Anthony Harris

Letters to the Editor

Going, going . . . gone?

From Mr. D. Henderson.

Sir, — We have just seen the announcement of the demise of the only remaining major builder of heavy machine tools in this country in the closure by Staveley Industries of its Asquith division in Halifax.

Staveley's Asquith division was originally the old and highly respected firm of William Asquith, born out of the Industrial Revolution, and which has supplied many of this country's more important tools in peace and war since then.

Asquith made horizontal floor boring machines, today generally known as ram borers. The ram borer is the maid of all work in heavy and medium engineering almost everywhere. They are used in making steam, water and gas turbines, large generators, ships' engines, nuclear reactors, giant presses, steelworks plant, armaments, and much more. Without machine tools, civilisation as we know it today would not exist.

My company is an importer of large machine tools similar to those made by Asquith, but though Asquith has been a competitor, and a worthy one, and is now bowing out, it is cold comfort — for not only is Asquith's closure not in the nation's interest, it has ominous overtones as well. The ram borer in one or other of its variations, as well as the vertical lathe and the plano-milling machine, are all machine tools essential to the maintenance of a heavy engineering presence in the UK, and in the ultimate they are vital to the economy and to the productive effort in time of war, if that effort is to be sustained over any period of time.

It is significant that the Soviet Union has been importing large ram borers at the rate of 15 to 20 units each year from the foremost builder of these machines in the West, but mainly from Germany, Italy and Japan. Not more than three or four such machines, perhaps fewer, are installed in the UK in the same period.

The import of large sophisticated machine tools by the Soviet Union in recent years has indeed been phenomenal, and it signifies the building-up of industrial muscle on an unprecedented scale. Ostensibly, and probably in reality, this build-up of industrial strength is in order to develop the Soviet economy, particularly in the field of energy and steel products, but the machines that are being imported are capable of being turned over in a few moments to the production of armaments, for the modern machine tool, of whatever type, is nothing if not versatile.

This country pioneered the heavy machine tool industry at the time of the Industrial Revolution, but firms like Craven, Kendall and Gent, Shanks, Urquhart Lindsay and Robertson Orchar, etc., great in their day and known for craftsmanship and quality, are now joined by Asquith whose closure signals more than the end of an era — for it signifies also the end of our ability as a country to beat our plough-shares into swords in time of need, and to continue to be able to do so for as long as is required.

Although it has been my competitor in business over the years, it is my hope that others with the national interest at heart may yet combine to save Asquith before it is too late — for us all.

David Rowan Henderson.
Henderson and Keay (Eng'g),
11b, North Claremont Street,
Glasgow.

Peaks and troughs

From Professor D. Myddelton

Sir,—My joy at seeing the FT Industrial Ordinary share index jump last week to an "all-time peak" of 568.5 is somewhat tempered by a calculation allowing for currency debasement which shows that in real terms the "all-time peak" is actually about 20 per cent lower than the "all-time low" reported as being 49.4 in June, 1940.

D. R. Myddelton.
Cranfield School of Management,
Cranfield,
Bedford.

Continuity of service

From Mr. G. Hunter Cautherley

Sir,—The Hongkong and Shanghai Bank has been referred to as a foreign bank several times.

This bank is a British bank established in the colony of Hong Kong, as Michael Sandberg has indicated to the Bank of England, by Thomas Sutherland, a Scotsman, of the Peninsular and Oriental Steam Navigation Company in Hong Kong who drew up the prospectus entirely by himself and presented it to a provisional committee of 15 on August 6, 1864. Ten of these were British subjects or residents of British colonies. The bank was eventually established on March 3, 1865 under Thomas Sutherland as chairman.

A foreign bank in my opinion is one that is established in a country other than in the UK or British colonies.

Perhaps the name Shanghai may have indicated that it was a foreign bank. The first manager of the Shanghai branch was David Maclean, also a Scotsman, and the bank there was referred to by A. J. Baxter in the history of the bank as "the first British exchange bank in China." In fact many of the prominent members of the bank came from "across the border" and as far as EEC countries mentioned in the Articles the bank has had branches in them for many years.

While writing on this matter, and purely as a side-line which can have no possible effect on the ultimate decision about the merger, my family history reveals that 16 of my relatives have been associated with or on the staff of both bidders for the merger.

In the case of the Hongkong and Shanghai Bank three relatives were members of either the provisional committee or the board of directors under Thomas Sutherland one of whom was a chairman at one time. On the staff of the bank there has been an uninterrupted flow of nine of my relatives, including myself, the ninth being still on the staff. James Greig, my cousin and a Scotsman, was chief manager 1870-75 and H. E. R. Hunter, my uncle, was acting chief manager about 1910-13 and after retirement was a well-known personality in the City on the Board of two other banks and business houses.

On the opposite side of the merger one relative was chief accountant of the Standard Bank of South Africa in London and three other relatives were on the Far Eastern staff of the Chartered Bank of India, Australia and China.

Other chief managers of the Hongkong and Shanghai Bank may have had some experience of City finance after retirement and one should not forget the late chief manager, Sir Michael Turner, who apart from being on our London Committee was also on the Board of the Westminster Bank and other firms or business houses.

G. Hunter Cautherley.
Applegarth,
Newmarket Road,
Royston, Herts.

Civil Service pay

From the Branch Secretary, Ordnance Survey, Civil and Public Services Association

Sir,—Over the past six weeks, members of civil service trade unions have been involved in a pay dispute with their employer. When one strips away the hysteria and emotion that has been generated in the Press then two facts remain: the employer's offer, if accepted, will mean that pay packets will in effect, be reduced, not increased. This is due in part to the hidden cuts in the offer, and the effects of recent changes made by the Government; and no proper negotiations are forthcoming either on this year's, or any future years' pay deals.

These points, must in any reasonable person's mind, be grounds for some kind of action to be taken. The action so far has been ignored by our employer despite the great effects it has had. It seems as if our employer is totally prepared to ignore its own employees, in the same fashion as you or I would ignore an ant!

Ian White.
Ordnance Survey Branch,
Map Publishing N278,
Ordnance Survey.
Romsey Road,
Maybush, Southampton.

Use sliding scales

From Mr. O. Laband

Sir,—A 7 per cent increase in salaries has ben offered to the civil service unions. This has been rejected and a claim for 15 per cent submitted. In addition there is a dispute over pay claim procedure.

At some stage or other the deadlock will have to be broken. A basis for discussion will have to be found. The sooner this can be found before either side is at breaking point, the better.

Flat increases of percentages over a whole range of salaries from say £3,500 to £30,000 will widen the real incomes gap between the higher paid and the lower paid and are bound to cause further high percentage increase demands from the lower end in future years.

I would suggest that the total bill of 7 per cent should be offered to the unions with sliding scale increases using for arguments sake the figure of 7 per cent at £8,000 (£560 increase) and a 7.5 per cent increase at £3,500 (£225 increase) and 4 per cent at £18,000 (£720 increase).

Sliding scale increases are used in various countries I have worked in. The scales can be adjusted at every negotiation. Scales avoid widening the real incomes gap between the higher paid and the lower paid. Higher pay attracts higher taxation, lower pay means difficulties in making ends meet. The employer has only a certain amount of cash available for salaries. The scale is the compromise.

The second point of issue is the pay comparison. Comparisons yes—but with what, with whom, and what is included? This has to be defined. A new dispute procedure should be part of this and include the right to strike as a final action but uncompromising penalties for those participating in actions which inconvenience the public and threaten defence.

For concessions here by the unions the Government should be willing to concede a further small percentage increase of the total.

Not so long ago civil service letters were signed "I remain, Sir, your obedient servant." Out of date perhaps in phrasing but surely not in spirit. An employer, private or public, must always be prepared to consult and negotiate.

Finally the public which is the employer is entitled to know the rates of pay and conditions of service of its employees. A little publicity here would help to arouse sympathy or otherwise.

O. E. K. Laband.
Glenyra,
Earlsferry-Elie,
Fife

Britain and India

From Sir Jan Lewando

Sir,—We should applaud Mrs. Thatcher's firmness in rejecting Mrs. Gandhi's request that Britain should further ease immigration controls.

We should also applaud her for reminding Indian journalists that Britain is India's largest donor of aid, having contributed £140m last year.

Indeed, with India's own recent record of hostility to Pakistan, close links with the Soviet Union, acquiescence in the invasion of Afghanistan, and resistance to the idea of a rapid deployment force, it is appropriate to query whether the present level of aid should be continued, unless it is firmly tied to reciprocal contracts for the purchase of British capital goods of at least the same total sum.

With Mrs. Gandhi's personal history of suppression of her opponents, and the repressive measures for which she was criticised at the time, it is not only impertinent but also hypocritical that she should seek to criticise our Prime Minister, while she is a guest, and therefore entitled to courtesy.

If Mrs. Gandhi or any of her citizens do not like our immigration laws, let them stay away, and put their own house in order.

(Sir) Jan Lewando.
Davidge House,
Knotty Green,
Nr. Beaconsfield, Bucks.

Today's Events

GENERAL

UK: Sir Terence Beckett, Confederation of British Industry director general, addresses senior Scottish industrialists, Glasgow.

Mr. Raymond Waldmann, U.S. Economic Policy Assistant Secretary, speaks at British Institute of Management lunch, Savoy Hotel.

Ford Motor Company unions meet to discuss job prospects.

Banking, Insurance and Finance Union members take disruptive action at Joint Credit Card Company (Access operations), Southend, in pay claim dispute.

Tan Sri Ghazali Shafie, Malaysian Minister of Home Affairs, speaks on Malaysia, South East Asia and the future, Royal Commonwealth Institute, WC2.

British Artists Show opens, Chelsea Old Town Hall, SW3 (to April 25).

St. George's Day commemoration service for William Shakespeare, Southwark Cathedral, 3 pm.

Overseas: Mrs. Margaret Thatcher visits Oman.

Lord Carrington, Foreign Secretary, starts three-day meeting with Herr Hans-Dietrich Genscher, West German Foreign Minister, Bonn.

Sig. Emilio Colombo, Italian Foreign Minister, concludes visit to Ethiopia.

Sr. Leopoldo Calvo Sotelo, Spanish Prime Minister, meets senior West German officials, Bonn.

Italian air-traffic controllers stop work for four hours.

OFFICIAL STATISTICS

Department of Employment publishes April provisional figures for unemployment and unfilled vacancies. Institutional investment figures for the fourth quarter from the Central Statistical Office.

COMPANY MEETINGS

AC Cars, Summer Road, Thames Ditton, Surrey, 4. Alcan Aluminium (UK), Chesterfield Hotel, Charles Street, W. 2.30. Blagden and Noakes, Connaught Rooms, Great Queen Street, WC, 12. T. F. and J. H. Braime, Ingham Street, Hunslet, Leeds, 3.15. British Aluminium, Portman Hotel, Portman Square, W, 12. Crosby House Group, 29 Martin Lane, EC, 10. Hall Engineering, Metropole Hotel, NEC, Birmingham, 10.15. Lloyds Bank, 71 Lombard Street, EC, 3. Mixconcrete, Little Billing, Northampton, 10.30. National Westminster Bank, Winchester House, Old Broad Street, EC, 12. W. N. Sharpe, Bingley Road, Heaton, Bradford, 12. Steetley, Abercorn Rooms, Great Eastern Hotel, Bishopsgate, EC, 11.30. Turner and Newall, National Computing Centre, Oxford Road, Manchester, 12.

Delta hit by recession and high interest rates

THE SEVERE UK recession and high interest rates combined to cut pre-tax profits of Delta Group by 36 per cent to £19.59m for the year ended January 3, 1981, compared with £30.43m previously. On a current cost basis, the taxable figure slumped from £19.08m to £2.37m.

With a good first quarter, the main impact of the recession was felt in the second half and profits for this period showed a sharp reduction to £6.14m, against £16.38m last time. At the interim stage the group had warned of a lower full year result.

On prospects, Lord Caldecote, the chairman, says that during the first quarter of 1981 demand in the UK has been very low and there is strong competition for available orders, both at home and in export markets.

With no signs of any upturn in the UK economy, he warns that profit in the first half of this year will be lower than in the corresponding period of 1980, which was less affected by the recession.

There is continuing uncertainty as to when demand for the group's products will improve in the UK but satisfactory results are expected from overseas activities.

Although the interim dividend was maintained, the final payment is being reduced from 4.18p to 1.82p making a total of 3.64p (6p). After tax of £9.63m (£10.95m) historic earnings tumbled from 12.9p to 6.2p per 25p share, while there was a current cost loss of 4.2p (4.6p earnings).

HIGHLIGHTS

Lex looks briefly at the latest market rise yesterday fuelled by a cautiously optimistic statement from **ICI** at its annual meeting. **S. and W. Berisford** has revealed its long awaited bid for **British Sugar Corporation** though at a level which disappointed punters in the market. There was also confusion over statements regarding **Rothmans International** where news of the termination of talks with **Reynolds** was swiftly followed by an announcement of a deal with **Philip Morris**. Finally Lex looks at the position of **Delta Group** after its profit decline and cut dividend. On the inside pages the expected setback at **Harris Queensway** was reported though the company remains optimistic about the current year.

Full year sales increased from £512.7m to £531.3m and despite the strong pound and severe competition, exports from the UK rose to £79.2m (£69.1m) with volume up slightly. Profits from overseas operations also showed an increase.

A divisional breakdown of sales and pre-interest profits shows: electrical equipment £226.31m (£232.53m) and £17.5m (£12.44m); plumbing products £84.64m (£94.48m) and £0.27m loss (£8.24m profit); gas controls and components £104.73m (£101.95m) and £5.37m (£7.63m); metals £192.6m (£195m) and £8.82m (£10.63m); and services and distribution £96.79m (£79.52m) and £5.5m (£5.45m).

Intensive efforts have continued to reduce costs and improve efficiency. As a result of these measures, together with closures and contractions at other sites due to the recession, the group's UK workforce fell by more than 20 per cent since the beginning of 1980.

However, the action taken to cut costs, to streamline the group and to change the balance of activities towards products with higher added value, will give much better opportunities for profitable expansion in future, the chairman says.

Rationalisation and redundancy costs related to continuing businesses amounted to £3.1m (£1.7m) and these were charged before arrinving at the pre-tax result. Profits were also struck after currency losses up from £0.17m to £1.09m and interest charges of £17.33m (£13.96m), but included higher associates' contribution of £7.4m (£5.98m).

A fall in the price of copper during the year gave rise to a metal account loss of £4.07m (£7.68m profit) which after tax relief, was charged to the metal price contingency reserve in line with Delta's usual practice. The reserve is sufficient to write down the value of the group's unsold copper stocks to below £500 per tonne.

After all charges, including extraordinary debits of £9.53m (£5.47m) reflecting the major rationalisation measures costing £4.24m (£9.2m), an amount of £5.81m was brought from reserves (£4.4m to reserves).

Total borrowings at the year end were up marginally from £89.53m to £91.24m and the debt/equity ratio stood at 0.58:1 (*0.54:1*). *Capital investment* totalled £19.3m (£23.3m).

A surplus of £1.01m arising from the revaluation of a property has been transferred to general capital reserve.

See Lex, Back Page

SPAIN

April 22	Price %	+ or −
Banco Bilbao	304	
Banco Central	346	
Banco Exterior	269	
Banco Hispano	301	+5
Banco Ind. Cat.	124	
Banco Santander	335	−8
Banco Urquijo	178	−3
Banco Vizcaya	319	−3
Banco Zaragoza	214	
Dragados	140	+2
Espanola Zinc	75	
Fecsa	59.7	+0.2
Gal. Preciados	28.5	−0.5
Hidrola	65	−0.2
Iberduero	57.7	+0.7
Petroleos	95.7	+1
Petroliber	88	
Sogelisa	85	
Telefonica	61	+0.3
Union Elect.	64.2	−0.5

G. P. SCAFFOLDING

A compulsory winding up order made by Mr. Justice Nourse against GP Scaffolding company on April 13 was ordered to be recinded in the High Court yesterday by Mr. Justice Anthony Lincoln.

Wadkin losses dive to £0.48m at year end

FOR THE YEAR to January 3, 1981, Wadkin, woodworking machinery manufacturer, plunged from a pre-tax profit of £367,000 to a loss of £477,000, on turnover up from £25.23m to £27.18m.

At the half year stage Wadkin made a loss before tax of £119,000 (£620,000 profit) and turnover stood at £8.42m (£8.23m).

A final dividend of 1.75p (4.22p) net per 50p share is to be paid making a total of 3.25p (6.47p).

Mr. M. H. Goddard, chairman, says the immediate outlook for 1981 remains difficult with the first quarter order intake continuing the downward trend in the UK.

Overseas a number of important marketing initiatives are being taken which, with the impact of new products and the benefits of modernisation of the company's manufacturing base, should have an impact during the second half.

Commenting on the 1980 results he says trading conditions deteriorated progressively through the year and although a small increase in sales was achieved, margins came under severe pressure.

Three major factors account for this. First, the strength of sterling coupled with higher inflation in the UK caused a sharp erosion of the company's competitive base.

Second, he says, although the high technology products of the machine tool division have been *only slightly affected by the recession in the UK the sawmilling, furniture and joinery industries have suffered acutely* and have reduced investment by Wadkin's customers to very low levels. This trend, although less severe has spread to many export markets during the year.

The third factor, is the company's programme of product and manufacturing development which has continued unabated.

Many highly competitive new models have been introduced, some incorporating much new technology. Manufacturing efficiency and product rationalisation have been strongly emphasised and capital spending at a record £895,000 has bee ndevoted almost entirely to computer controlled machine tools.

This programme is the only way the company can regain and improve its competitive edge, but must be carried through at the expense of short term profitability, he says.

During 1980 the workforce was reduced by 15 per cent and a further 5 per cent reduction is being made in the early part of this year. The company's productive potential however, has increased and it is well placed to capitalise on any increase in orders generated through new products, marketing and brand improvement.

The company's balance sheet remains strong, Mr. Goddard says, with short term borrowing much the same as last year—some 7.6 per cent of shareholders funds.

There is an increase in borrowings on leased assets of £476,000 due to Wadkin's capital re-equipment programme, he adds.

The pre-tax loss was struck after interest charges of £355,000 (£175,000) and redundancy costs *of £85,000 (nil). Last year there* were also stock rationalisation costs of £382,000.

There was a tax credit of £625,000 (£186,000 charge), and the amount attributable emerged at £148,000 (£285,000 after an extraordinary credit of £104,000).

Stated earnings per share emerged at 3.08p (3.77p). The pre-tax loss on a CCA basis came out at £1.83m (£1.16m).

● comment

Wadkin is now entering what is probably the most crucial phase of a three year slimming and sharpening programme. The payroll has been trimmed by 15 per cent and will drop another 5 per cent this year. Working capital has already been pruned although the real benefits are not expected before next year, and leasing is playing a large part in the product modernisation and concurrent re-tooling which is set to cost over £2m during the three-year cycle. Overseas distribution is also under reorganisation with many agencies being replaced by Wadkin's own production and marketing effort. So the short term, as the group readily admits, is being mortgaged for the longer future. The big wood working machinery fair in Hanover next month will, however, determine how bright the mid-horizon is going to become. The home market remains obstinately flat—for all the pent up optimism among customers—and exchange fluctuations have played havoc with export volume and margins. The yield on a halved dividend is just under 6 per cent at 80p, down 7p in a thin market yesterday, which is probably taking the view that demand will indeed *come up to the group's far-*reaching expectations.

MDW advances and pays more

PRE-TAX profits of MDW Holdings for 1980 improved from £1.26m to £1.63m, following a £55,000 advance mid-year to £467,000, and the total dividend is being stepped up by 0.75p to 4.5p net with an increased final of 3.25p.

The results include for the first time John Lawlor, acquired in January last year. The directors say this company has proved to be a successful addition to the group's general construction and property development division, and its Manchester-based business has been complementary to the existing construction activity in Scotland.

The dividend is shown to be covered five times by historical cost earnings (before prior year tax adjustments) and 3.6 times on a CCA basis.

CCA pre-tax profits were £1.17m (£863,000).

There was a tax credit for the year of £790,000 (£80,000 charge) after which stated earnings per 25p share improved from 17.45p to 35.79p. The retained profit came through at £2.11m (£934,000).

Commenting on the results the directors explain that while turnover increased (it rose by £12.3m to £45.5m during the year), margins on the construction business continued to be low—as indicated at the interim stage.

However, they say some progress has been made in finalising certain contracts completed in previous years. The group will continue a selective approach to tendering and its conservative policy for accounting for contracts in progress, they add.

The housebuilding side suffered from the poor conditions in the housing market, which resulted in a marked slowdown in the rate of sales, and a requirement to charge interest against stocks of unsold houses.

They point out that there are now some indications of an improved rate of house sales.

Property development showed a substantial improvement with a significant number of projects being completed and sold during the year. A number of further potentially valuable developments are in progress.

Summing up the directors say that in general the group has suffered in recent years, along with other construction companies, from high interest rates and a low level of public expenditure on capital projects. However, they say the group is well placed to benefit from any revival in capital spending and any general economic upturn, and in particular from any further reduction in interest rates.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Wm. Baird	7.35	July 7	7	12.95	12.25
Biddle	6.6	June 12	6.2	9	8.6
Geo. M. Callender	1.55	—	1.05	2.25	1.65
Danish Bacon	3.5	—	3.5	3.5	7.5
Delta Group	1.82	July 1	4.18	3.64	6
E. Fogarty	2.42	—	2.41	4.02	4.02
J. Halstead ...int.	0.8	June 4	0.8	—	2.4
Harris Queensway	4	May 29	4	6	6
Lilleshall	2.5	June 5	2.5	3.5	3.5
MDW Holdings	3.25	—	2.5	4.5	3.75
John Menzies	5	—	4	7.5	6
Nth. British Props. ...int.	1.1	July 3	1	—	2.8
Richardsons Westgarth	1.05	July 1	2.45	2.1	3.5
Wadkin	1.75	May 23	4.22	3.25	6.47
Websters Group	1.6	—	1.4	2.3	2.1
Wilson (Connolly)	2.5	July 4	1.88*	4.5	3.63*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Richardsons Westgarth profits slump to £0.8m

DESPITE a static first half, Richardsons Westgarth, engineer and stockholder, finished 1980 with taxable profits well behind at £746,487, compared with £1.37m. Turnover rose £4.6m to £49.6m.

The dividend is cut from 3.5p to 2.1p net per share with a reduced final of 1.05p.

At halfway, with profits at £412,000 against £410,000, the directors said that the surplus for the second six months should approach that of the first period.

They explain that the severe *economic downturn adversely* affected most subsidiaries for the year, particularly in stockholding and merchanting, but there was some improvement in some of the engineering services and manufacturing companies.

Pre-tax figure — reduced to £127,000 on a CCA basis—was struck after depreciation amounting to £608,808 (£476,548) and interest up from £141,678 to £227,310.

After a tax charge of £393,374, against a £43,527 credit—reflecting the £754,1000 inclusion of deferred tax release in 1979—earnings are shown as 2.3p (10.3p) per 50p share. After minorities of £55,293 (£98,904) and dividends of £267,864 (£446,440), the amount carried forward was £29,956 compared with £867,672.

● comment

Since it operates in a span of activities which includes both ship-repair and steel stockholding, it is no surprise that Richardson, Westgarth should have to report a 45 per cent pre-tax drop. The result may seem merely to exhibit the effects of depressed demand, and it is true that the two profitable divisions of 1979 performed much less well. Stockholding could generate only a quarter of the previous year's profit; *steel stocks* have come down to acceptable levels, at a price. Engineering services — a grouping which continued to *bear the losses of the dry dock*—fell nearly two-thirds after a surplus at Cromarty Firth turned into a "very unattractive" loss. Yet there was the compensation of a return to profit of RW's manufacturing/engineering, aided by a large *gear-box order* (subcontracting to Babcock's major Chinese project). After a cut in the final dividend, the shares fell back 4p to 37p, where they yield 8.3 per cent. A fully-taxed p/e of 15 is presumably looking to a second phase of recovery.

CRA Mines back in profit

As a result of a major programme of asset disposals, the Belgian Compagnie Royale Asturienne des *Mines*, in which Union Miniere has a significant stake, returned a net profit of BFr 743m (£9.3m) in 1980, compared with a loss of BFr 2.6m in the previous year. As before, no dividend is to be paid.

The profit arose from the sale of a stake in Sweden's Boliden, the company's Paris offices, its Spanish assets and its holding in Norzinc. Asturienne's profits in France from metal processing and dealing were not sufficient to offset large losses on zinc production.

* * *

Hunting Geology and Geophysics of the UK is to prepare a mineral survey covering four provinces of Mozambique. The Export Credits Guarantee Department has guaranteed a loan from Lloyds Bank International to fund part of the project, estimated to take three years.

Second-half fall leaves G. Callender at £1.2m

SECOND-HALF taxable profits of **George M. Callender and Co.** fell back to £593,402, against £650,237 last time, but the company, which makes bitumen damp-proof courses, ended 1980 ahead from £927,783 to £1,201,729.

At the interim stage, the board had warned that economic conditions might have an adverse effect on the second six months.

Tax charge for the year was lower at £278,217 (£445,421) which reflected the release of £152,825 deferred tax on stock relief. After minorities, the attributable balance emerged well ahead at £817,595, compared with £421,087.

Current cost attributable profits were ahead from £186,000 to £506,000.

Historic earnings per 10p share jumped from 6.2p to 12p and the 1980 dividend is lifted 0.65p to 2.25p net, with a final of 1.55p.

Turnover for the year increased from £8.33m to £10.18m.

Yesterday, the company's share price moved back 10p to 58p, *following the previous day's* collapse when trading in the shares was resumed after suspension.

RESULTS AND ACCOUNTS IN BRIEF

AIRSPRUNG GROUP (bed maker)—Results for 1980 and prospects reported April 7. Shareholders' funds £4.18m (£3.91m). Bank overdraft £77,064 (£678,119). Bank balances and cash £401,177 (£10,759). CCA pre-tax profit £151,965. *Meeting, Trowbridge, May 8,* 2.30 pm.

ASH AND LACY (*metal stockholder* and perforator)—Results for the 53 weeks to January 2, 1981, and prospects announced April 8. Shareholders' funds £12.04m (£10.32m); bank overdrafts £342,000 (£1.77m). Meeting, Birmingham, May 14, noon.

ATLANTA BALTIMORE AND CHICAGO REGIONAL INVESTMENT TRUST—Pre-tax revenue for half-year to March 31, 1981, £32,096 (£38,624). Tax £12,367 (£17,866). Board anticipates that net *revenue for full year will be similar to* £43,765 for 1979-80.

W. H. BRAKSPEAR AND SONS (brewer)—Results for 1980 already known. Shareholders' funds £11.62m (£1.39m) including £10m (nil) revaluation reserve. Long term and deferred liabilities £665,012 (£626,062). Current cost pre-tax profit £368,065 against historical £495,537. Meeting, Henley-on-Thames, May 15.

CEMENT - ROADSTONE HOLDINGS (building materials producer)—Results for 1980 reported March 19. Shareholders funds IR£191.73m (£158.82m): loans £47.18m (£37.94m): current assets £96.56m (£97.75m) including bank balances £3.01m (£11.42m); current liabilities £58.57m (£58.7m) including bank advances £8.45m (£11.17m). Meeting, Dublin, May 12, 3 pm.

English and Scottish Investors—Results for the year to January 31, 1981, announced February 24. Investments listed at mraket value in Great Britain £15.31m (£15.79m), abroad £17.99m (£11.37m) and unlisted at directors' valuation £1.08m (£515,722). Cash and deposits £1.05m (£1.58m). Chairman believes in some areas of world markets there are prospects of further growth in 1981 and the company *will seek to take full advantage of* these. In the UK, however, the company's largest area of investment, he says the current year is likely to remain very difficult for many companies and he expects little growth of dividends. Meeting: 2 St. Mary Axe, EC, May 13, 2.30 pm.

WILLIAM JACKS AND COMPANY (overseas trading, motor distribution and retailing, finance)—Results for 1980 already known. Shareholders' funds £2.78m (£2.96m). Loans £34,963 (£35,383). Bank overdrafts (secured) £1.07m (£1.06m); bank loans (secured) £645,000 (£450,000). Chairman says 1981 will not be a good year. Ultimate *holding company, is Jacks International* of Singapore. Meeting, Bagshot, May 13, 11.30 am.

MELLINS—Turnover for 1980 rose 23 per cent to £2.15m. Margins under severe pressure in latter part of year and profit before tax was "a disappointing" £98,633.

MUNICIPAL PROPERTIES—Results for 1980 already known. Shareholders' funds £2.38m (£2.06m); freehold properties £2.21m (£1.72m); bank deposits £319,461 (£482,631); cash £10,441 (£8,065). Meeting, Tonbridge, May 14, 11.30 am.

SHARNA WARE (plastic products and cash and carry merchants)—Results for 1980 reported April 4 with prospects. CCA pre-tax profit £104,000 against historical £393,000. Shareholders funds £3.89m (£2.85m); borrowings £0.91m (£0.76m) cash £2.45m (£2.8m). Meeting, Manchester, May 15.

SILKOLENE LUBRICANTS (petroleum products refining)—Results for 1980 reported March 26 with prospects CCA profit £497,000 against historical £868,000. Shareholders' funds £4.57m (£4.19m) cash and short-term deposits £991,000 (£1.1m).

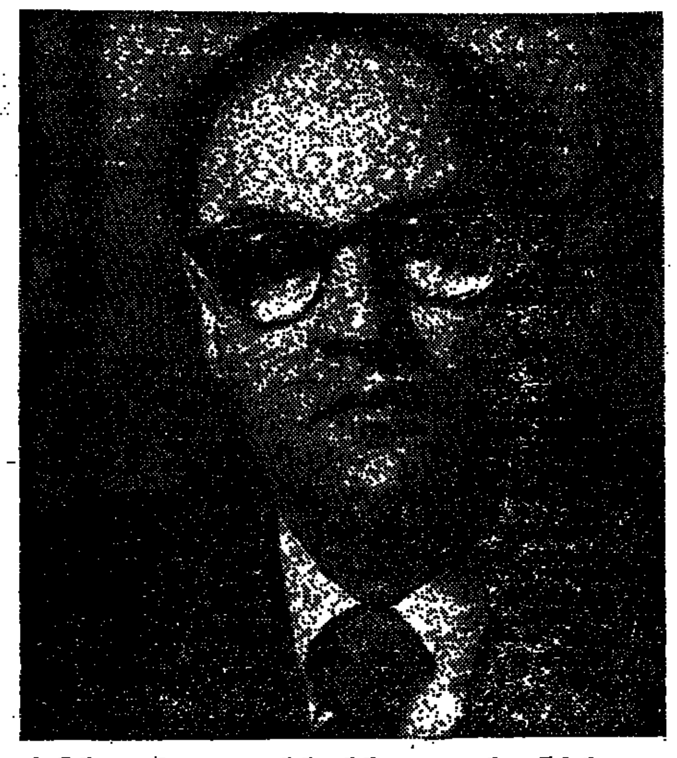
SPIRAX - SARCO ENGINEERING (energy conservation equipment manufacturer)—Results for 1980 reported April 2. Shareholders' funds £21.36m (£21.58m); loans £2.47m (£580,000); current assets £28.11m (£26.47m) including cash and short-term funds £1.81m (£2.47m); current liabilities £15.1m (£14.03m) including bank overdrafts £4.02m (£3.65m); current cost pre-tax profit £4.49m. Meeting, Cheltenham, May 13, 12.45 pm.

TATE OF LEEDS (motor distribution and finance)—Results for 1980 already known. Shareholders' funds £2.56m *(£2.2m). Short term loans* £976,463 (£377,762); bank overdraft £556,725 (£309,432). Stocks £1.07m (£1.35m). Meeting, Leeds, May 8, 3 pm.

WINSTON ESTATES (property)—Results for 1980 reported March 4. Shareholders' funds £4.05m (£3.9m). Secured bank overdrafts £588,352 (nil). Bank balances and cash £463,684 (£1.5m). Meeting, 10 Bolton Street, W., May 14, noon.

ICI IN 1980

"...an unprecedented combination of adverse factors"



Addressing stockholders at the 54th Annual General Meeting of Imperial Chemical Industries Limited, held in London on Wednesday 22nd April 1981, the Chairman, Sir Maurice Hodgson, said:

May I first of all refer to a number of Board changes. Sir Terence Beckett resigned from the Board in September 1980 following his appointment as Director-General of the Confederation of British Industry. He was a Non-Executive Director for four years and we greatly benefitted from his wealth of experience and knowledge. We are also losing Lord Polwarth, who is not offering himself for re-election today. Lord Polwarth has been a Non-Executive Director for ten years and his knowledge of financial and banking matters has made him a most valuable member of the Board. I am sure that you would like to join me in wishing Lord Polwarth and Sir Terence Beckett well. One new Director has been appointed: Sir Patrick Meaney, Managing Director of Thomas Tilling Limited, has joined the Board as a Non-Executive Director. Unfortunately, Sir Patrick is unable to be with us today.

I would also like to mention at this stage that, as you will probably have already seen from yesterday's announcement, ICI has this year again received the Queen's Award to Industry – on this occasion for the export achievements of the Mond and Petrochemicals Divisions. The Company, or one of its subsidiaries, has won an award either for export achievement or technological innovation, sometimes for both, in all but one of the sixteen years since the Scheme's inauguration and in doing so has received forty one citations in all.

In looking back on 1980 and in considering the present situation, I want to keep clear of macro-economic theory and catch phrases. I am sure in the forefront of your minds will be the question why we had to reduce the Dividend to Ordinary Shareholders for the first time since 1938. This must also raise other questions: What happened to ICI in 1980? What did we do about it? How does the Board see the future? I should like to answer these questions as simply and factually as I can.

1980 Results

The story of 1980 is seen in stark outline in the quarter by quarter profit figures and the speed of the change from profit to loss – first quarter £162 million profit, second quarter £80 million profit, third quarter £10 million loss, fourth quarter £6 million loss. For more than six months the Company ran at a loss.

First of all, I want to say what these figures are *not*.

They are *not* the result of failure to invest. We have been investing at a higher rate than nearly all our competitors, especially in the second half of the last decade. Our plants are generally as modern as any in our industry, world-wide.

They are *not* the result of a failure in business strategy. Our world-wide spread of businesses, the build up of our position in the EEC, and our wide portfolio of products are still sources of great strength which saved us from an even worse result in 1980. A UK export business supported by North Sea Oil and based on modern large scale plants ought to be a sound recipe for success for both ICI and the UK.

They are *not* the result of failure to improve productivity. We have not waited for crisis to push us into productivity improvement. We have been improving productivity at a rate of 7% per annum compound during the last decade and that about doubles productivity in the ten year period – not good enough in absolute terms but certainly good by comparison with our competitors.

They are *not* the result of a failure of financial management. I think you will agree that our balance sheet is strong and our capital gearing conservative. Loans in 1980 were lower in real terms than in 1970.

They are *not* a result of a sudden failure of our people to produce and sell our products. The same people responsible for our past success are now battling with adversity. In the disastrous market conditions of 1980 we fought for and held our market share. Our industrial relations continued to be good.

This is not to say that we could not or, indeed, should not have done better. With hindsight, some of our investment decisions could have been better, our build-up overseas should have been faster, and we might have speeded up our productivity improvement with more organisational changes. Even so, none of the clichés concerning the problems of British industry – lack of investment, poor productivity, bad industrial relations, weak business strategy – lies behind the recipitous fall in our profits.

What therefore did happen in 1980? The fact is we encountered an unprecedented combination of adverse factors which came together with the greatest intensity in the UK. I should like to describe these factors and give you a measure of their impact on our profitability.

Effects of recession

First were the effects of severe economic recession. This began in the United States in the spring and by the summer had spread throughout OECD. The chemical industry was more severely affected than industry generally because of its dependence on oil and because of sudden and drastic de-stocking by its customers.

In the UK, where we sell almost 40% of our output, the recession was deepest and demand collapsed. ICI's sales and margins deteriorated every month until October when sales flattened out, but without any improvement in margins. We reckon that the effect of the recession on sales volume reduced our profit in 1980 by approximately £150 million.

Second were the effects of cost increases, especially of oil and hydrocarbon raw materials but also of electricity, rates, transport and employee costs. These costs could not be fully recovered; prices were being forced down by the pressure of falling demand, excess capacity and cheap imports. The approximate effect of unrecovered costs on our profit in 1980 was a further £150 million.

In both these areas the increasing strength of sterling was a major factor. In particular, it held down our export realisations and it also held down UK prices by improving the competitiveness of imports into the UK. Although it has fallen somewhat in recent weeks, sterling has been appreciating since 1977 under the growing influence of North Sea Oil. It has appreciated in spite of relatively high UK inflation rates and has steadily moved away from reflecting our real industrial competitiveness. From the average rates of 1979 to February 1981 the £ appreciated by about 26% on average against the other European currencies. This is a direct measure of the loss of profitability of exports and of the kind of cost reduction which must be achieved merely to stand still. In the last quarter of 1980 the Company was making a substantial loss on exports, which are over a £1 billion a year, losing money at a rate of about £200 million on an annual basis. In 1979 exports earned profits of about £80 million.

Looking at the impact of the increasing value of sterling in all its ramifications on both volume and prices, we reckon that about half the total fall in profit could be attributed to its effect.

I have set out to give you not excuses but a summary and explanation of what happened. The figures I have given you provide an approximate apportionment of our loss of profit in 1980.

This leads me to the second question. What have we done?

In deciding what to do we needed to differentiate short-term, and therefore probably temporary factors, from longer-term and probably permanent changes in our markets. We have had to steer a middle course between leaping to sudden and extravagant conclusions that the world will never be the same again and the alternative view that if we sit tight for another few months it will be a case of "business as usual". We must neither over-react to the short-term nor under-react to the long-term.

The short-term problems required immediate and energetic action to conserve cash through careful management of fixed capital expenditure and working capital. In 1980, working capital employed in trading was reduced by £50 million despite an increase in sales value of £350 million.

In parallel, we have intensified all the cost reduction and profit improvement programmes which I told you about last year. In particular, between the beginning and end of 1980, numbers employed were reduced by more than 6,000.

For the medium term, the task is to differentiate businesses depressed by recession, which will recover, from those in which permanent structural changes are taking place. In Fibres and Organics Divisions we have embarked on major re-structuring, aimed at radical alterations in marketing approach as well as in cost and product structures. A somewhat different case is the bringing together of the Petrochemicals and Plastics Divisions to form a single new Division which we expect to be commercially stronger, more efficient and less costly in overheads than its constituent parts. In Petrochemicals Division some production capacity is being temporarily moth-balled. Recession means the market is not there, but we have no intention of abandoning potentially profitable production capacity which can be used again when demand is stronger.

Lower growth expectations

Our approach to capital investment has had to reflect expectations of lower growth ahead. We completed most of the projects previously authorised for 1980; to do otherwise would have been unduly costly and would have carried penalties for the future when the upturn comes. However, further substantial authorisation of new investment cannot be justified at the present time and we do not have a single major UK production plant scheduled for authorisation this year. We can no longer think in terms of steady growth rates – at least we should not plan on that basis. The implication is that the size, timing and location of each major new investment will have to be considered even more carefully, each major decision being even more critical to the health of the Company than in the past.

In the depth of recession, and with hindsight, our capital expenditure of the last few years might seem to have been over-ambitious. I do not think it was. Although increasing in £s of the year, it would, if considered in real terms, be better described as "steady". Much of it in recent years has been for replacement and modernisation. It was our aim and objective to continue to invest steadily across the economic cycle on a seven to ten year view and, equally importantly, to keep our plant and technology up to date. On this occasion, the cycle is too deep, and the forward situation too uncertain, for continued investment at such a level to be realistic. Nevertheless, when we come out of recession, we shall benefit from our past consistency.

The future of the economy of the UK itself is of great importance to us. 60% of our assets are located here, and about a third of our UK production goes for export. The rate of inflation and the strength of sterling are both critical to the viability of our business. A combination of strong sterling and a relatively high rate of inflation is at the core of the current problems of all exporters, not just ICI. We have been proud over the years to be the UK's number one or number two exporter. Our export business supports many jobs. In 1980 we held on to our export markets in spite of vanishing margins. We are reluctant to give up these hard-won markets but an export business cannot be sustained for very long on non-existent margins. Equally, it cannot be right for a world trading nation like the UK to suffer a significant decline in its export capability.

So far I have concentrated on the facts and on what we have been doing about factors within our own control. I deliberately did not begin this morning with speculation about what should or could be done to alter the circumstances in which we are operating. My intention has been to explain what happened in 1980, not to allocate blame. We have to restore our profitability in the circumstances in which we find ourselves and we cannot look to anybody else to do that. Nor can we wait for things to change of their own accord, although it is obvious that some external factors must improve before our profitability can recover in the short-term.

The Company stands to benefit greatly from success in the Government's efforts to reduce inflation, and a key question is whether this can be done quickly enough to enable us to counter the difficulty of a severely uncompetitive currency. The speed of our recovery, and hence our ability to hold on to our markets, would be greatly helped by a rapid reduction in *Government*-induced inflation, especially in relation to energy costs, and by further reductions in the interest rate burden our UK customers have to bear. We have lost no opportunity to express these anxieties to the Government which alone can deal with inflation in the public sector. The current inflation rate in the country is really an average of two widely disparate numbers. Between January 1980 and January 1981, the prices of nationalised industries' goods and services increased by 27%, whereas manufacturing industry prices as a whole increased by only 11%. In all honesty I must state that the recent Budget did not do much to help us. It is not for ICI to presume to know what is best for the UK, but we have a duty to say how we are affected by Government policies.

Human factors

Notwithstanding the bleak and difficult environment, we must not forget the importance of the human factors which have always been prominent in ICI's thinking from the earliest days of the Company.

As far as we possibly can, working to our Security of Employment Policy, we do our utmost to achieve essential reductions in manpower through voluntary severance by early retirement, so that those who leave qualify for pension as well as severance terms. We are also energetically pursuing all opportunities for re-training and re-deployment into other jobs; and even in these hard times jobs can still be found. In this way, we continue to limit as far as possible the effects on individuals of the actions we have to take. The closure of a whole factory poses special problems but we believe that as far as possible we should keep our policy that enforced redundancy is a last resort. Nevertheless, current circumstances are a blow to the hopes of our employees. Manpower was reduced very substantially in 1980 and there will be further reductions in 1981. The seriousness of the trading position also obliged the Board to exercise its discretion not to declare any Profit Sharing Bonus for the first year since the scheme began, and at a time when employees were playing a full and constructive part in meeting current difficulties.

Dividend

May I now, ladies and gentlemen, turn to the final questions. Why did we reduce the Dividend? How do we see the future?

When we announced the results for the third quarter in October 1980, the Board stated "The decision on the final Dividend will be made in February 1981 in the light of the results for the full year 1980 and of the outlook for 1981 as seen at that time, but it is the Board's present intention to maintain the level of the 1979 Dividend for the year 1980".

Thus we were at the time taking the view that, although the business was coming under severe pressure, one or even two weak trading periods would not necessarily require us to reduce the Dividend. Only if the prospects for 1981 also became significantly worse would such a course have to be considered. At the time, that is in October, it seemed as though the recession might be bottoming out and it was possible to contemplate some improvement in early 1981. In the event, the remainder of 1980 was bad. By February of this year, the outlook for the rest of 1981 had become even more uncertain. There had been a further deflationary mini-Budget in November, and a sudden weakening of the deutschemark had put a further squeeze on export realisations and added to our vulnerability to import competition in the UK. So, in February when we had to make a judgement about the future, we came to the conclusion that conditions would remain very tough for UK manufacturers and exporters for longer than we had expected last October. There was a clear risk that recovery would be delayed and sluggish when it arrived. In such circumstances, overall 1981 results would be poor. Our first priority had, therefore, to be to maintain the Company's ability to finance its response to economic recovery when it does take place. Although it came after the event, the March Budget re-inforced our judgement.

I am sure you can imagine how reluctantly we made the decision that it would not be prudent to maintain the second Interim Dividend at the level of the previous year. The Board, as you know, declared a second Interim Dividend of five pence, compared with eleven pence last year. This, together with the first Interim Dividend of twelve pence, makes a total Ordinary Dividend of seventeen pence compared with twenty-three pence last year. It was as long ago as 1938 when we last cut the Dividend, but to do so this year was one of a number of painful decisions we had to make in the interests of the Company as a whole in our determination to do everything we reasonably can to conserve Company resources and so safeguard for the longer term the income and livelihoods of so many people and communities which will continue to depend on us. Against that background, I sincerely hope that I have the support and understanding of all shareholders here today.

Prospects for 1981

Let me now report briefly on the first quarter of 1981. Sales volume in January and February showed no significant improvement over the levels for the previous six months and selling price increases were not sufficient to give any real recovery in margins. However, March sales volume was encouragingly higher and this, together with some benefit from lower costs, should result in our being able to report an improvement in profits for the first quarter. It is too early yet to say whether this amounts to a sustained recovery or not.

I do not want to get further into the forecasting game; indeed, it would be foolhardy to do so. However, the longer current conditions in the UK continue, the greater the likelihood there will be further changes in our customer base at home and in the nature of our export business. What we invest in and where we invest has to be governed by what we can sell and where. This is not a new principle but current circumstances require us to be particularly alert to ensuring that the future shape of the business continues to relate closely to the shape of the likely customer base.

Ladies and Gentlemen, there has been much that is problematical in the scene I have surveyed today. Not surprisingly I have felt it necessary to focus on our affairs in the UK and on the problems of some major parts of the business. But that is not the total message I wish to leave you with this morning. Several classes of business – fertilisers, general chemicals, industrial explosives, paints, pharmaceuticals and oil – all made profits despite the difficulties. All our overseas operations – in Canada, the Americas, Australasia and the Far East, Africa and the Indian Sub-continent – made profits. We broke even in Continental Western Europe. We held our market share world-wide. Your Company is one of the best chemical companies in the world. Its territorial spread and the breadth of its product portfolio are unrivalled. The resource and resilience of its people are immense. This is the basis and measure of our confidence for the future. Furthermore, I am convinced that, because of the decisive actions we have taken over the past twelve months, the Company, its shareholders and employees will stand to benefit from economic recovery far sooner than would otherwise have been the case.

ICI

Imperial Chemical Industries Limited

Second-half increase for Harris Queensway

AS PREDICTED, profits of Harris Queensway Group improved substantially in the second six months, the pre-tax figure emerging at £5.23m, compared with £4.74m. However, for the year as a whole to December 23, 1980, *taxable profits fell from £8.82m to £6.44m* after interest charges £2.46m higher at £2.54m.

The surplus included profit on property transactions of £1.19m (£616,000).

Turnover of the group, a retailer of carpets and household furniture, rose from £79.96m to £116.96m, but trading profits declined from £8.28m to £7.79m.

Although the total dividend is *being held at 6p net with a same-again final of 4p the directors are proposing a scrip issue on a one-for-two basis.*

The results, described by the directors as satisfactory in the light of the generally depressed economy, were adversely affected by very difficult trading conditions in the first half. However, in the second six months there was an upturn in trade and trading profits for the period were a record for the group.

The current year has started well with sales to date significantly higher than in the corresponding months of 1980. The Board believes 1981 will be a year of progress for the group.

The 1980 tax charge was lower at £2.41m (£3.01m), leaving a net balance of £4.03m (£5.8m), equal to earnings per 20p share of 10.91p (17.82p).

After dividend payments, which will absorb £2.24m (£2.18m) retained profits were down from £3.66m to £1.79m.

On a CCA basis the taxable surplus is reduced to £5.33m (£8.01m).

The acquisition of Henderson-Kenton became effective on April 28, 1980 and its results are included from that date. This business has now been rationalised and integrated into Harris Furnishing and is currently trading satisfactorily in the light of the present economic climate.

During 1980 the group opened 10 new Queensway stores, and refurbished a number of its high street carpet and furniture shops. These changes caused disruption to trade and added to costs. Progress in diy was disappointing and the number of shops trading has been reduced.

At year end the group had net bank overdrafts of £3.14m and long-term loans and debentures of £12.37m.

● comment

Harris Queensway may have turned in record second half trading profits but the full year outcome is still at the bottom end of market expectations. The year has not been without its problems. The Henderson-Kenton acquisition was not the good buy Harris may have thought and after financing charges it added little to profits. The disastrous move into DIY knocked up losses of £2m. To top it all borrowings peaked at £27m before Harris could dispose of H-K's hire purchase debts. Largely these problems are one-offs. The staff at H-K and Hardy (bought in 1979) have been cut right back, and the DIY management has been replaced and the stores cut from 25 to 6. With a significant expansion plan at Queensway this year—19 new sites—the new discount clothing business and a recovery elsewhere, predictions of £11m pre-tax (ex-property) or *more can be dreamed up for* 1981. But analysts were talking of figures like that a year ago for 1980. Nevertheless a prospective p/e of 16.5 at 242p is not outlandish for the sector and Harris has built up quite a market following.

Biddle down to £1.35m

PRE-TAX profit of Biddle Holdings finished 1980 slightly *down at £1.35m compared with* £1.48m, on turnover increased from £15.26m to £16.52m. CCA *profit was reduced to £901,000.*

At the half-year stage this installer of heating and air conditioning equipment and lifts, made a profit before tax of £722,000 (£678,000) and turnover stood at £8.35m (£7.47m).

The directors say that despite the difficulties of the recession affecting the decisions of Biddle's customers, especially local authorities, they look forward to another successful year.

A final dividend of 6.6p (6.2p) per 25p share is to be paid making a total of 9p (8.6p). This level of dividends absorbs £224,231, being £264,000 less waivers of £39,769.

Tax for the year took £530,106 (£711,628) but there was also an exceptional tax credit of £905,877 (nil) relating to the release of previously provided deferred tax provision.

After preference dividends of £2,800 (£2,618) the attributable amount came out at £1.72m £(770,347). The stated earnings per share emerged at 43p (19.3p) or at 20.4p before the exceptional tax credit.

LUNN POLY

Lunn Poly, the third largest travel agency group in the UK, has acquired L. W. Morland and Co.

The company is a London-based specialist in business travel and East European Trade Fairs, with a turnover in excess of £2m per annum.

The acquisition is a further step in the Lunn Poly strategy of increasing market share in the business travel sector and will take the total turnover of the company to well over £75m in 1981.

Menzies rises 10% to £7.4m

A 10.4 per cent advance in pre-tax profits is reported by **John Menzies (Holdings)** for 1980/81. Though difficult trading conditions are expected to persist into 1982, this newsagent, stationer and bookseller is budgetting for the progress seen in the past few years, to continue in the current 12 months.

The growth in profit for the year to January 31, 1981, was from £6.66m to £7.35m after meeting a first time charge of £265,000 for the share participation scheme.

Midway, when the taxable surplus fell to £611,000 (£1.17m), the company was predicting at least a maintained full-time result.

Stated earnings per 25p share dipped to 41.41p (45.15p) for the year after a sharp jump in taxation, but the net total dividend is being stepped up to 7.5p (6p) by a 5p final. A one-for-one scrip issue is also proposed.

The tax charge was £1.27m (£84,000) with tax allowances on stock appreciation now computerised on the basis of the Government's stock inflation index.

At the attributable level profit was ahead to £5.34m(£4.25m) because of lower extraordinary debits of £623,000, compared with £2.23m. Dividends absorb £1.25m(£1.04m).

On a current cost basis the attributable surplus was up at £3.46m(£2.84m) and earnings per share down at 29.48p(36.9p), after a depreciation adjustments of £1.37m(£1.2m) and £2.25m *(£1.94m) for extra cost of sales.*

● comment

John Menzies shares rose 42p to 382p on the back of a 25 per cent rise in dividend and 10 per cent increase in pre-tax profits. Higher turnover reflected roughly equal growth from its retail and wholesale interests, with about a sixth of the increase representing sales from new outlets. Margins across the board have been pared. On the retail side fatter margins on increased toys sales over Christmas failed to compensate for price cutting on records, while wholesale margins *dropped due to Menzies inability* to pass on rises from higher transport and wage costs. Interest charges rose by 44 per cent to £1.45m. The current year has started well and the company appears confident of earning around £8.5m, helped partly by an additional 7½ per cent of selling space. The shares yield 3 per cent lower than W. H. Smith, which has found its profits dragged down by efforts at diversification.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Anglo Scottish Investment Trust, Arlen Electrical, S. Casket, Falcon Mines, Free State Geduld Mines, William Low, McKechnie Brothers, President Brand Gold Mining, President Steyn Gold Mining, Spencer Gears, Welkom Gold Mining, Western Holdings.

Finals: Beauford, Bentalls, De Vere Hotels and Restaurants, Dunlop, East Rand Gold and Uranium, Electrical and Industrial Securities, Flight Refuelling, Francis Industries, Grampian Television, Haden Carrier, Hestair, Huntleigh, Laporte Industries, Owen Owen, Harold Perry, Rowntree Mackintosh, Rush and Tompkins, John C. Small and Tidmas, Steel Brothers, Travis and Arnold, Vickers.

FUTURE DATES

Interims—
Bailey (Ben) Construction ... April 28
Cooper (Frederick) ... May 12
Finals—
Berec ... May 15
Feedex Agricultural Industries ... May 6
Hunting Petroleum Services ... April 27
Pearson (S.) ... May 5
Philips' Lamps ... May 13
Scott and Robertson ... May 21
Sheffield Brick ... †April 28
Stylo Shoes ... April 24
Tysons (Contractors) ... May 11
Viking Resources Trust ... April 27
† Amended.

Websters Group expands

AN INCREASE of £115,000 to £820,000 in profits for 1980 is reported by Websters Group, printer, publisher and wholesale book distributor. The net dividend is 2.3p, against 2.1p, the final being 1.6p.

The profit figure bears out the trend of increasing profits in the second half, as forecast in the interim statement. At the half-way stage the profit had fallen from £201,000 to £106,000.

	1980 £000	1979 £000
Turnover	30,356	25,594
Interest paid	295	239
Profit before tax	820	705
Taxation	54	48
Extraord. debits	48	—

Mr. P. S. Lane, the chairman, says the group enters 1981 with confidence, based on a strong balance-sheet and an effective trading base.

Earnings per share for the year came out at 8.11p, compared to 6.95p. On a CCA basis the year's profit was £423,000 (£363,000).

Freehold properties have been revalued, and the surplus of £1.52m credited to capital reserve.

Interim rise at North British Props

REFLECTING A transfer, in respect of interest and other outgoings attributable to properties in the course of development, of £261,000 after tax, against £165,000, pre-tax profits of *North British Properties* came out ahead from £616,000 to £708,000 for the half year ended January 31, 1981.

Earnings per 25p share are stated as 2.57p (2.16p) and the interim dividend is increased to 1.1p (1p) net—last year's final payment was 1.8p paid from profits of £1.5m.

Income from investment properties was £987,000 (£892,000) for the six months and a £1.06m *profit on property sales* was virtually cancelled after debiting a £1.03m profit recognised in earlier periods.

Development profits were £197,000 against £318,000 and the pre-tax figure was struck after property outgoings and administrative costs of £214,000 (£233,000) and interest of £348,000 (£361,000).

Tax for the period was £375,000 compared with £336,000 *and the amount* retained came through ahead from £150,000 to £190,000.

Yearlings total £16.6m

Yearling bonds totalling £16.6m at 12¾ per cent redeemable on April 28, 1982 have been issued this week by the following local authorities:

Cheltenham BC (£0.5m); Brent (London Borough of) (£0.5m); Eastleigh (Borough of) (£0.25m); Ettrick and Lauderdale DC (£0.25m); Hamilton DC (£1.5m); Inverclyde DC (£1m); Rotherham (Metropolitan Borough of) (£0.25m); Merthyr Tydfil BC (£0.5m); Calderdale Metropolitan BC (£0.5m); Mendip DC (£0.5m); South Tyneside (Borough of) (£1m); London (Corporation of) (£1m); Edinburgh (The City of) DC (£1m); Glasgow (The City of) DC (£2m); Hillingdon (London Borough of) (£1m); Lincoln (The City of) (£0.5m); Congleton BC (£0.35m); Dudley Metropolitan BC (£0.75m); Sefton Metropolitan BC (£0.5m); Wakefield (City of) Metropolitan DC (£0.75m); Renfrew DC (£1m); Rochester Medway BC (£1m).

SHEFFIELD BRICK

The results for 1980 could not be discussed at the April 16 board meeting of Sheffield Brick Group as certain figures were not ready.

Another meeting has been called for April 28 at which the year end figures will be discussed.

Jas. Halstead midway fall

PRE-TAX profit of **James Halstead (Holdings)** for the half year to December 27, 1980, fell from £610,109 to £408,107 on turnover of £10m compared with £10.34m.

For the year to June 30, 1980, this floor coverings and leisure products manufacturer made a taxable profit of £1.52m with sales at £21.87m.

While the directors are disappointed with the half year result, they say it is reasonably satisfactory given the prevailing economic conditions.

Action is continuing, they say, to deal with the effects of the recession, and being confident in the group's ability to make progress *when conditions improve,* they have declared a same again interim dividend of 0.8p net, per 10p share.

However they see no signs of any substantial improvement in the economy in the immediate future, but the position of the company remains strong.

The closure of B. M. Coatings —which in part explains the group's lower turnover for the half year—has proceeded satisfactorily. Disposal of plant buildings and stock is almost complete and the provision in the accounts at June 30, 1980 is considered adequate.

Profit before tax was struck after depreciation of £122,707 (£137,637), debenture interest of £13,672 (£13,760) and bank interest of £86,639 (£8,618). There was a tax credit of £12,627 (£226,357 charge) and extraordinary items amounted to £365 (£124), leaving an amount attributable of £421,099 (£383,876).

Dividends absorbed £90,205 (£89,350) including £3,850 (same) for preference shares.

The stated earnings per share came out at 3.9p (3.55p), the increase being mainly due to the tax credit.

Harrison Cowley £0.92m

IN LINE with the forecast of not less than £900,000, taxable profits of **Harrison Cowley (Holdings)**, unquoted advertising agency concern, advanced from £726,000 to £924,000 for 1980, on turnover up £4.5m to £20.98m.

Mr. David Harrison, chairman, says the outlook for 1981 is uncertain but the agencies have, between them, put on a large number of new accounts and are continuing their drive for new business. He adds that the company is well placed to take advantage of an increase in trade.

The total dividend is 3.85p per share, with a final of 2.45p, payable May 26—this was also forecast at the time of the share placing, last July, in respect of 30 per cent of the issued ordinary capital under Rule 163(2).

Pre-tax figure, for 1980—reduced to £809,000 (£629,000) on a CCA adjusted basis—is subject to tax of £397,000 against £409,000 and an extraordinary debit of £47,000, representing placing expenses. After-tax earnings per share are shown as 10.5p (6.3p) and 8.2p (4.4p) CCA.

ABACUS ELECT.

Abacus Electronics has bought the capital of Comma Computers as a part of its expansion by diversification policy.

Abacus's turnover is now in the region of £8m per annum and, with the acquisition of Comma, is expected to be in excess of £11m by the end of this year.

RAVERO

In response to its offer for Trushelfco (No. 302), the holding company for the short term and chauffer driven car hire interests previously held within the Godfrey Davis Group, B. V. Ravero Autoverhur has received acceptances totalling 372.43m shares (98.5 per cent). The offer will remain open.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$475	—	—	2	60	—	—	$502.50
GOLD C	$500	2	22	9	45	6	72	"
GOLD C	$525	—	—	3	34 B	—	—	"
GOLD C	$550	—	—	18	23	1	40	"
GOLD P	$475	45	8	—	—	—	—	"
GOLD P	$500	31	17.50	1	28	—	—	"
		April		July		Oct.		
ABN C	F.300	2	0.10	9	5.30	8	8	F.286.50
ABN C	F.320	—	—	1	1.50	—	—	"
AKZO C	F.17.50	1	6	14	6.50	8	6.70	F.23.30
AKZO C	F.20	75	3.20 B	41	4	87	5.20	"
AKZO C	F.22.50	235	0.70	130	2.10	206	3.80	"
AKZO C	F.25	—	—	256	1.10	108	2.10	"
AKZO P	F.17.50	—	—	—	—	20	0.50	"
AKZO P	F.20	—	—	20	0.40	15	0.80	"
AKZO P	F.22.50	—	—	50	0.80	12	1.50	"
AMRO C	F.55	1	1.30	5	2.70	—	—	F.56.50
HEIN C	F.50	5	6.60	—	—	—	—	F.56.60
HEIN C	F.55	96	1.60	—	—	60	4.30	"
HEIN C	F.60	—	—	7	1.20	5	2.70	"
HEIN P	F.55	—	—	6	3	—	—	"
HOOG C	F.12.20	—	—	—	—	22	26.9	F.20.16
IBM C	$60	—	—	6	3⅜	—	—	$61
IBM C	$65	—	—	3	1⅞	2	4	"
IBM C	$70	—	—	—	—	1	2	"
KLM C	F.80	13	37	14	39	1	37 B	F.116.50
KLM C	F.90	—	—	—	—	1	29	"
KLM C	F.100	86	17	40	20.40	1	20 B	"
KLM C	F.110	114	7.50 A	51	14	—	—	"
KLM C	F.120	—	—	134	10	51	11.70	"
KLM C	F.130	—	—	124	6	4	8	"
KLM P	F.80	—	—	3	1.60 A	—	—	"
KLM P	F.90	—	—	30	2	—	—	"
KLM P	F.100	—	—	54	4	3	7.50	"
KLM P	F.110	32	0.60 A	42	7.50	—	—	"
KLM P	F.120	—	—	1	13.50 A	—	—	"
NATN C	F.120	5	0.60	2	5	—	—	F.119.50
NATN P	F.115	—	—	3	1.50	—	—	"
PETR C	F.5500	—	—	—	—	3	90	Fr.4430
PHIL C	F.15	2	6.40	5	6.20 B	—	—	F.21.40
PHIL C	F.17.50	23	3.70 B	45	4	31	4	"
PHIL C	F.20	113	1.40	105	2.10	78	2.40	"
PHIL C	F.22.50	—	—	190	1	138	1.40	"
PHIL P	F.20	—	—	20	0.60	30	1	"
PHIL P	F.22.50	—	—	20	2	—	—	"
PEUG C	F.130	3	19	—	—	—	—	F.150
RD C	F.80	—	—	2	11.50 B	—	—	F.91
RD C	F.85	30	6	—	—	—	—	"
RD C	F.90	33	1.50	108	4.50	13	7	"
RD C	F.95	20	0.20	95	2.20	—	—	"
RD C	F.100	—	—	85	1.50	25	2.80	"
RD C	F.110	—	—	5	0.70	13	1.60	"
RD C	F.120	—	—	31	0.30	—	—	"
RD P	F.80	—	—	8	2.50	2	4	"
RD P	F.90	157	0.70 A	77	6.20	34	7.50	"
RD P	F.95	33	4	7	8.80 A	—	—	"

TOTAL VOLUME IN CONTRACTS 4419

A=Asked B=Bid C=Call P=Put

Wm. Baird over £8m but slow start to this year

TURNOVER FOR 1980 of William Baird and Co., textiles and industrial group, rose from £136.99m to £147.79m, while pre-tax profits improved from £7.81m to £8.1m with the second-half performance up slightly at £4.61m, against £4.51m last time.

Operating profits for the year were 7 per cent higher at £10.2m, but an increase in interest charges from £1.71m to £2.09m reduced the improvement to 4 per cent at the pre-tax level. Virtually all of the interest arose in textiles, which also had the benefit for the greater part of 1980 of a £3m advance from the parent company.

Trading in the first quarter of 1981 has been below the level of the corresponding period last year and the directors warn that it is unlikely that the lost ground will be recovered during the remainder of the first half. Results in the second six months will depend mainly on some easing of present adverse pressures.

A net final dividend of 7.35p (7p) raises the year's payout from 12.25p to 12.95p per £1 share. This is shown to be covered 2.8 times by historic cost earnings of 36.3p (33.3p) and 1.5 times by current cost earnings of 20.1p. On the CCA basis, 1980 pre-tax profits were £5.42m.

Tax for the year was lower at £2.1m (£2.3m) and after minorities, historic cost profits attributable to ordinary holders came out at almost £6m, against £5.5m. Dividends absorb £2.14m (£2.02m) and there were extraordinary credits of £4.06m (£9.69m) of which £3.56m related to a net release of deferred tax.

Profits of Baird Textile Holdings rose from £5.45m to £6.14m on turnover of £97.72m (£87.69m). Trading in 1981 has started at a lower level than last time, margins are still under severe pressure and the directors say there would appear to be no cause for optimism as regards the first six months. A pronounced improvement in the second half would require an appreciable recovery in consumer demand.

However, whether this recovery comes in 1981 or in 1982, Baird Textiles, with its well founded manufacturing and trading operations in the UK and overseas, is strongly placed to take full advantage of opportunities that arise, the directors state.

On the industrial side, profits of Darchem increased to £2.86m (£2.46m) on turnover up from £41.75m to £50.07m. Several projects have achieved sufficient progress to give assurance of the future strength of the company, although they will not reach a fully commercial scale until overseas markets have been further developed or recovery takes place in UK plant construction. Intensive effort has been made in qualifying the company to the high standards required for undertaking major contracts.

The group's services companies, which contributed £7.55m turnover and £448,000 profits in 1979, were sold in the latter months of that year.

At the year end, net assets per share had risen from 225p to 273p, with the increase in roughly equal proportions from retained profits and the deferred tax write-back.

At £16m, cash and deposits and other immediately realisable assets exceeded total debt by £9.8m, but the directors point out that December 31 is at or near the low point of the year for the group's borrowing requirements.

● comment

The squeeze on Baird's margins worsened as the year progressed and there is still no relief in sight. Textile prices rose only 2 or 3 per cent in the year. Women's and children's clothing proved the most difficult areas while men's trousers sold surprisingly well. The Darchem industrial insulation business managed a respectable 15.8 per cent rise in operating profit thanks partly to some major contract completions. Despite a cautious statement, the group should show slight growth this year, as it continues to benefit from a strong balance sheet and the contact with Marks and Spencer. The shares rose 3p yesterday to 236p where the fully taxed p/e is just under 10 and the yield on the 6 per cent higher dividend is 8 per cent. This rating is in line with the other strong companies in the sector except the premium rated Nottingham Manufacturing.

Phicom raising £2.4m in convertible preference

Phicom, the electronics and instrument manufacturing company that came to the market in July, 1979, is making a rights issue of convertible preference shares to raise £2.44m.

The company, which earlier this month reported a 5 per cent drop in pre-tax profit in 1980 to £1.06m, says the issue is being made to strengthen its capital base. Net proceeds will be employed to reduce bank borrowings, which stood at £5m at the end of 1980.

Phicom also cites the possibility of taking advantage of opportunities for expansion by way of acquisition in areas related to its present business.

However Mr S. W. Livesey, the chairman, warns that the short-term prospects are not bright.

"The immediate future will not be easy," he says in his statement to shareholders in the annual report which is being sent out today. "The sharp fall in orders which commenced in the spring of 1980, stabilised at the end of the year but it has yet to be seen that the subsequent recovery will be sustained."

He forecasts a lower volume of sales in the first half of 1981 but provides no profit forecast or undertaking with respect to ordinary dividends.

The issue is on the basis of one 8 per cent cumulative convertible redeemable preference share of £1 at par for every 16 ordinary shares held on April 24. The preference shares will be convertible between 1984 and 1994 at the rate of 250 ordinary shares per 100 preference shares or 40p per ordinary share. Any shares not previously redeemed or converted will be redeemed at par on June 30, 2001. Dividends are payable half yearly on January 15 and July 15.

The preference share issue is subject to the passing of a resolution to increase the authorised capital at an EGM on May 18. Dealings in the new shares will begin in nil paid form on May 19 and the final day for acceptances is June 8.

The issue has been underwritten by Baring Brothers and brokers to the issue are Laurence, Prust.

Magnum Corporation Berhad, a Malaysian company, which holds 63.5 per cent of the equity of Phicom, does not intend to take up its rights.

● comment

Phicom carried all the glamour of the electronic sector with it when it was launched on the market in mid 1979 but its results have deteriorated in each of the last two years and the chairman is very cautious about the current year. It is not clear why a rights issue is needed at this time; net borrowings are in fact a little lower than they were a year ago. But once the decision was taken, the recourse to a convertible preference share was understandable. The ordinary shares, up 7p to 48p yesterday, a 1981 peak, are 60 per cent above their low for the year and could weaken on the chairman's statement today and the disclosure that Magnum does not intend to take up its rights. However, the gross yield of 11.4 per cent on the preference shares will look attractive to gross funds and so the new shares should go to a premium in nil paid form, providing shareholders with some compensation for this company's disappointing debut.

E. Fogarty setback to £1.5m but final raised

TAXABLE profits of E. Fogarty and Company, processor of man-made fibres, down and feather fillings and manufacturer of household textiles, for 1980 fell from £2.2m to £1.55m on sales of £34.17m, compared with £29.13m.

The directors say margins were depressed by extremely difficult trading conditions and high interest rates. At midyear pre-tax profits were down from £952,000 to £506,000.

A final dividend of 2.42p raises the total marginally to 4.02p net, against 4.01947p.

For the first three months of the current year sales and profits show an improvement over the same period last year.

After tax of £1,000, compared with £612,000, stated earnings per 30p share were lower at 14.7p (15.1p). Net assets per ordinary share emerged at 126p (101p).

Closure costs after tax amounted to £87,000 (nil) and provision for deferred tax no longer required was £1.67m (nil).

The company is continuing its investment programme to improve productivity and efficiency.

Wilson (Connolly) growth

A FALL on the property sales side was more than offset by the increase in housing, contracts and other sales' contribution at Wilson (Connolly) Holdings, and for the full year ended December 31, last, taxable profits moved ahead from £5.45m to £6.29m. Turnover for the period improved by £2.94m to £31.73m.

The dividend is effectively stepped up to 4.5p net per 25p share, compared with an adjusted 3.625p, with a final payment of 2.5p. Also proposed is a scrip issue on the basis of one-for-one, as last year.

Mr. J. A. Leavey, chairman, says there has been a new buoyancy in housing since the beginning of the current year and the level of activity of the group's property operations has held up well. He adds that, "the company will certainly hold its place in the housing and construction industry."

Turnover and pre-tax profits were split as to: housing, contracts and other £29.42m (£23.54m) and £5.22m (£3.99m); property £1.59m (£4.62m) and £469,000 (£1.03m). Rents totalled £730,000 (£643,000) and net rental income £604,000 (£428,000).

Mr. Leavey says the two companies in the property sector continued to do well, with properties held by one of them being valued at over £12m as at December 31. A 74,000 sq ft factory and office building is being constructed and will be leased to Johnson and Starley. On its completion, this year, the chairman says this will form a valuable addition to the group's portfolio in both capital and income terms.

This sector has also been constructing the largest speculative warehouse ever undertaken by the group, a 110,000 sq ft warehouse and office building at Weedon, near Northampton, at a cost of over £1.5m.

This project was let just prior to the year end and terms have been agreed with a major institution to purchase the property.

Wilcon Construction carried out work to a value of £8.6m, against £5.8m and with a steady spread in the areas of its operations this company has a current order book which augurs well, Mr. Leavey states.

Wilson Plant Hire suffered losses and was closed down last February.

The attributable balance for 1980 was much higher at £12.4m, against £2.59m, after tax, reduced from £2.86m to £947,000 and an extraordinary credit amounting to £7.06m, being deferred tax written back.

Preference and ordinary dividends absorb £533,000 (£438,000) leaving £11.86m (£2.15m).

After-tax earnings per share are given as 49.9p (24p). On a CCA basis pre-tax profits were £4.9m and earnings 37.1p.

The group's overdraft was £208,000 at the year end, but a £3m 12-year loan was negotiated, of which £1.1m has been drawn. Gearing ratio between borrowing and shareholders' funds was 9.8 per cent.

Net assets per share were 298p (129p), capital employed amounted to £35.88m (£24.1m) and the return on capital employed fell 20 per cent to 16.6 per cent.

Second half fall at Lilleshall

PRE-TAX profit of Lilleshall and Company, steel and engineering group, fell from £404,000 to £306,000 in the year to December 27, 1980, on turnover slightly down from £11.91m to £11.64m.

At the half-year stage the company made a pre-tax profit of £209,000 (£203,000) and turnover was £6.37m (£6.08m).

The final dividend has been maintained at 2.5p per 10p share making a same again total of 3.5p.

Mr. Allan R. Pike, chairman, says it is not yet clear whether destocking by industry generally has reached its lowest ebb. Until there is a resumption of normal demand, trading in the steel stockholding division will remain difficult. In 1980 this division made a profit of £168,000 (£176,000) on turnover of £5.93m (£6.39m).

Meanwhile the steel rolling division continues to operate at a loss, Mr. Pike says. Redundancies have been made and work sharing schemes introduced which should reduce substantially the losses being incurred. In 1980 this division incurred a deficit of £151,000 (£81,000 profit) on turnover of £4.29m (£5m).

The engineering division's performance has been less affected by the economic depression and it is anticipated that this area of the company's business will increase in importance, he says. In 1980 it made a profit of £187,000 (£91,000) and sales were £3m (£2.15m).

Estates and sundry income produced a profit of £139,000 (£103,000) on turnover of £555,000 (£468,000).

The pre-tax surplus of the group was struck after depreciation of £143,000 (£154,000) and interest of £101,000 (£150,000). Tax for the year, including a release from the deferred tax reserve, came out as a credit of £266,000 (£58,000 charge). The retained surplus emerged at £488,000 (£203,000).

Stated earnings per share were 25.7p (15.5p) including the deferred tax credit and 13.4p excluding it.

Cluff Oil scrip issue

AT YESTERDAY'S annual meeting of Cluff Oil, Mr. Algy Cluff, chairman, announced the group proposes to make a one-for-three scrip issue to all holders of ordinary and convertible "A" shares.

Mr. Cluff told the meeting that the Board believed the scrip will bring Cluff Oil's total issued capital more into line iwth shareholders' investment as well as serving to mark the discovery in Guatemala.

Referring to the Guatemala discovery—in which Cluff has a 13.3 per cent interest—Mr. Cluff said: "It is unquestionably a further milestone in Cluff Oil's development.

"Information derived from tests of the discovery well, Yalpemech-1, indicate the existence of recoverable reserves in the region of 50m barrels and the possibility that that figure could be significantly larger.

BIDS AND DEALS

St. Piran seeks advice on bid

Saint Piran, the mining and construction company, is seeking independent financial advice concerning the terms of a bid which has been mounted by Gasco Investments, the master company of Mr. Jim Raper, a former chairman of Saint Piran.

In a statement issued yesterday the Board of Saint Piran (excluding Mr. Malcolm Stone, group chairman, and Mr. Green, a director, who are both directors of Gasco) said advice had been sought and Charterhouse Japhet, the merchant bank, had agreed to provide the advice with the full approval of the Takeover Panel.

"The views of non-Gasco directors of Saint Piran and the advice of Charterhouse Japhet will be circulated to all shareholders as soon as possible."

Meanwhile the statement added: "shareholders are advised to take no action in relation to the Gasco offer."

Burma Mines, an investment trust controlled by Mr. Tom Scrase, is planning to mount a counter bid and an offer may be announced in the next few days.

Gasco's offer of 50p per share, announced last week, compares with the 85p bid which the Takeover Panel ordered Gasco to make a year ago. The panel alleged that Gasco had acted with others in building up a 37 per cent stake in Saint Piran.

Gasco launched its bid just days ahead of a critical Department of Trade report which examined the past relationship of Gasco with Saint Piran.

General Mills acquires Airfix Products' assets

General Mills, the U.S. food processor, with interests in restaurants, fashion, and toys, has acquired all of the assets used in the business of Airfix Products from the Receiver.

The sum paid is undisclosed. Discussions have been in progress for nearly a month.

Under the agreement the toy line of Airfix will become part of the toy group of General Mills, which already has a significant worldwide toy operation.

Through its acquisition General Mills will add to its existing Palitoy range products sold under the names of Airfix, Mecanno, Dinky and Great Model Railways.

Airfix Industries called in the Receiver earlier this year after attempts to restructure the group failed.

ASSOCIATES DEAL

Carr Sebag and Co. has purchased 40,000 Denbyware at 123p on behalf of Crown House.

SHARE STAKES

Kean and Scott — Newsam Investments has an interest in 437,000 shares (11.56 per cent).

F. Austin (Leyton) — Mr. Cradick, director, has bought 50,000 shares.

L.K. Industrial Investments— The company has been informed of the following purchases of its shares on April 14 and 15 at a price of 30p. Caparo Group bought 2m shares, increasing holding from 19.96m to 21.96m (58.2 per cent). Mr. S. Paul—director of Caparo and L.K.—bought 100,000 shares, bringing his holding to 350,000 shares. Mr. J. A. Leek—director of Caparo and L.K.—bought 75,000 shares, bringing his holding to 150,000 shares. Mr. R. L. Lewis—director of L.K. and C.M.T.—bought 2,000 shares, increasing his holding to 3,200 Mr. R. J. Cavendish—director of Caparo—bought 15,000 shares.

Singlo Group — D. J. K. Wadhan has bought £5,000 cumumlative loan and sold 25,000 ordinary shares.

London Merchant Securities— Trustees of the Max Rayne Second Family Settlement and Max Rayne Third Family Settlement have acquired for Lord Rayne's infant children 33,501 shares. As a result, Lord Rayne is now beneficially interested in 3.91m ordinary shares (2.45 per cent), 2.31m deferred ordinary shares (2.89 per cent). Lord Rayne is also interested indirectly in 80.31m ordinary shares and 40.16m deferred ordinary shares held by Westpool Investment Trust and its subsidiaries.

Cardiff Property Company—On April 2 General Industries sold 106,000 shares. 56,000 ordinary shares have been transferred to an associate company and 50,000 shares to Mr. Wollenberg. Mr. Wollenberg, a director of Cardiff Property Company now holds 100,000 (13.6 per cent) shares.

Old Swan Hotel (Harrogate)— Following disposals by a director are notified. 30,000 shares from joint holding of D. Simpson and Lena R. Simpson. 10,000 ex David Simpson Harrogate Estates. 5,000 ex Mrs. Gabrielle C. Simpson. All sold at 72p on April 8.

Alexander Howden Group— J. A. Turner, director, on March 26 disposed of 25,000 shares at 117p.

Barker and Dobson Group— P. F. Stewart, director, has bought 22,000 "A" ordinary shares.

Drake and Scull Holdings— Hevalier A. Malevez, director, sold on April 16 25,000 shares at 36p.

Fairview Estates—J. B. Cousins has disposed of 105,000 shares.

Granada Group — J. Warton, director, on April 10 sold 47,750 "A" ordinary shares at 231p, leaving holding of 240,625 "A" ordinary (0.156 per cent).

Hield Brothers — Jordan Worsted Mills has acquired 26,879 preference shares making interest 53,711 preference (19.5 per cent).

Manchester Ship Canal—Globe Investment Trust holds 6.55 per cent of the ordinary capital.

Pentos — Mr. T. A. Maher, chairman, sold 100,000 ordinary at 25½p on April 21.

OCL better than expected

CONSIDERABLY higher than expected taxable profit was attained by Overseas Containers for 1979-80. For the year to November 30, 1980, the total rose 14 per cent from £38.1m to £43.46m on turnover little changed at £361m, against £358m.

Reporting this, Sir Ronald Swayne, the chairman, says that profit will be lower in 1981 and 1982 but the recession in world trade and the surplus of tonnage will ease, and the company is well placed.

The company's resilience last year was due to its wide spread of interests with improvements in some trades offsetting deterioration in others, he explains. Competition has been fierce in all trades but, by and large, the support of the company's main shippers has been retained, though at the expense of profit margins: "This, I fear, will have the impact on 1981 results which I anticipated for 1980."

So far in 1981 OCL has already been hit by two major industrial disputes, and the Gulf war is hindering the rapid and profitable development of two major new trades.

"Competition in the Europe/Far East trade has, if anything, intensified. Exports from the UK are down on previous years particularly to Australia and New Zealand and if our profit margins have been eroded, our shippers are facing even more intense price competition in their markets and inevitably seek to cut their transport costs," the chairman says.

OCL is currently studying with its shareholders the possible containerisation of the trades from Europe to India, Pakistan and Indonesia and between Australasia and the Arabian/Iranian Gulf.

Since the year end, the shareholdings in the group have changed to the extent that P & O now holds 47.37 per cent compared with 36.7 per cent in November; Ocean 32.8 (40.49) per cent and British and Commonwealth 19.83 (22.81) per cent.

OCL's operating profit for 1979/80 was up at £38m (£33.1m) before exchange gains of £577,000 (£510,000) and share of associates of £4.88m (£4.5m).

Tax took £3.85m (£8.3m) and retained surplus emerged at £5.48m (£13.47m) after dividends of £33.48m (£14.55m).

Among the factors contributing to the improved result was the absence of serious losses due to industrial action. Also the company was able to reduce excess capacity in some services by chartering out and by loading cargo for intermediate destinations.

Sir Ronald points out that, though OCL is still considering how best to apply the current cost accounting standard, the depreciation charge would have been £19m higher had it been based on a replacement cost basis. In real terms the 1980 profit was down on the previous year.

Ibstock's pick up delayed

ALTHOUGH first-half trading at Ibstock Johnsen will be worse than in 1980, it should start to show more favourable momentum later in the year, Mr. Paul Hyde-Thomson, chairman of this brick manufacturer, says in his annual review.

In the UK, sales volume is being well maintained, and the directors look for higher dispatches. Margins are under pressure, but he feels 1981 should be another successful year.

Mr. Hyde-Thomson expects losses in the Netherlands to be contained to "a manageable level while the shakeout in the industry takes place."

Pre-tax profit of £2.16m (£4.68m) for 1980, as reported March 28, reduced to £288,000 (£3.32m) on CCA basis.

The group's balance sheet shows that after debiting £2m exchange losses, shareholders' funds have risen from £28.92m to £46.19m—at £22.8m, gross borrowings are just under 50 (62) per cent of shareholders' interest.

Deposits, bank and cash balances were down from £1.45m to £220,000 and bank overdrafts stood at £8.71m (£4.23m).

Meeting, Hyde Park Hotel, SW, on May 14 at 11.30 am.

LONDON TRADED OPTIONS

(Total contracts 2731)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	330	56	10	—	—	—	—	384p
BP	360	26	13	44	25	58	—	"
BP	390	5	28	30	7	40	1	"
BP	420	½	2	18	—	26	—	"
BP	460	½	2	10	—	—	—	"
BP	500	¼	—	4	20	—	—	"
Com. Union	130	35	—	44	12	47	—	163p
Com. Union	160	6	—	17	3	22	—	"
Com. Union	180	½	1	8	1	14	—	"
Cons. Gold	420	63	5	83	—	95	6	481p
Cons. Gold	460	23	37	55	3	73	—	"
Cons. Gold	488	4	10	—	—	—	—	"
Cons. Gold	500	—	—	35	35	47	—	"
Cons. Gold	550	—	—	15	—	23	2	"
Cons. Gold	588	½	10	7	5	—	—	"
Courtaulds	50	26	25	26½	—	28	—	74p
Courtaulds	60	16	40	18	27	18½	13	"
Courtaulds	70	6	33	11	133	13	5	"
GEC	550	160	16	180	—	197	—	708p
GEC	600	110	6	130	10	147	23	"
GEC	650	60	1	85	10	105	—	"
GEC	700	14	12	45	37	65	—	"
Grand Met.	160	46	—	53	16	56	—	"
Grand Met.	180	26	15	35	32	37	20	"
Grand Met.	200	7½	23	19	90	26	73	"
Grand Met.	220	—	—	8	166	13	20	"
ICI	260	36	—	46	52	52	2	294p
ICI	280	17	53	28	114	34	46	"
ICI	300	4	21	18	134	24	30	"
ICI	330	½	—	9	13	—	—	"
ICI	360	½	1	4	—	—	—	"
Land Sec.	390	35	3	44	2	61	—	424p
Land Sec.	420	8	28	27	16	42	—	"
Land Sec.	460	½	—	8	4	22	—	"
Marks & Sp.	110	24	—	29	33	34	9	133p
Marks & Sp.	120	14	56	19	5	24	—	"
Marks & Sp.	130	5½	20	12½	222	17	15	"
Shell	360	26	2	46	60	56	—	384p
Shell	390	5	—	24	1	38	—	"
Shell	420	¼	—	10	3	25	18	"
Shell	500	¼	2	2	—	—	—	"
Totals			475		1292		283	
		May		August		November		
Barclays B'k	360	79	2	88	2	93	4	430p
Barclays B'k	390	49	10	62	—	70	—	"
Barclays B'k	420	19	39	39	15	80	—	"
Barclays B'k	460	3	4	19	1	—	—	"
Imperial Gp.	70	6	10	9	—	10	10	74p
Imperial Gp.	80	1½	165	3½	10	5	10	"
Lasmo	650	17	7	55	4	72	—	659p
Lasmo	700	2	—	10	5	22	—	"
Lonrho	90	8	—	15	2	17	3	96p
Lonrho	100	5	6	8½	30	12	—	"
Lonrho	110	1	—	5	15	7½	—	"
Lonrho	120	¼	—	2	4	—	—	"
P. & O.	110	54½	5	55	—	—	—	163p
P. & O.	130	34½	4	37	11	41	7	"
P. & O.	140	24½	6	26½	1	34	—	"
P. & O.	160	9½	6	16½	23	20	20	"
Racal Elec.	360	35	48	54	2	68	—	388p
Racal Elec.	390	16	153	56	43	48	—	"
RTZ	460	—	—	50	6	67	—	481p
RTZ	494	8	17	—	—	—	—	"
RTZ	500	—	—	30	10	47	—	"
Totals			444		183		64	

Danish Bacon back in profit

As foreshadowed, the Danish Bacon Company returned to profit in the second half, with the pre-tax figure emerging at £108,000 compared with £488,000. However, for the full year to January 3, 1981, the company finished in the red, incurring a taxable loss of £268,000, against a profit of £2m.

Sales remained virtually static at £224.95m (£225.9m).

The directors say that although the second six months produced a surplus there is little improvement yet to be seen in the trading conditions that existed throughout 1980.

They are hopeful that interest rates will be lower and by containing costs they expect the company to remain profitable.

The dividend for the year is being reduced by 4p to 3.5p net. No interim was paid (4p).

After tax of £296,000 (£39,000) there was an attributable loss of £564,000 (£1.97m profit) and a loss per £1 share of 14p, compared with earnings of 47p.

On a CCA basis, the attributable loss is given as £1.58m (£561,000 profit).

Romney Trust to change its investment policy

Romney Trust is to change its investment policy. In a circular to stockholders Mr. S. G. Brooksbank, chairman, says the company intends a significant change in the geographical balance of its portfolio.

There are attractions of investing in certain overseas economies which are likely to continue to enjoy substantially higher rates of growth than the UK, he says.

Under the new arrangements, Romney Trust hopes to develop a more flexible approach to the balance between investments in the UK and overseas "which in the short term will mean a reduction in the former and an increase in the latter particularly in Pacific Basin markets.

"A very important effect of this change will be that it will inevitably reduce the company's franked income and therefore its ability to increase its dividend at the rate achieved in the last few years. Indeed, initially revenue available for the ordinary dividend is likely to suffer a sharp reduction."

The extent to which the board "will feel able to use the company's considerable revenue reserves will be an important consideration in mitigating what may be a substantial reduction in the amount earned out of which to pay an ordinary dividend."

KLEIST BUYS MORE ALBERT FISHER

Kleist International has raised its stake in Albert Fisher Group, the fruit and vegetable wholesaling and vehicle repair group, from 7.6 per cent to 10 per cent by the purchase just before Easter of 100,000 shares.

General Mining Union Corporation Group

Gold Mining Companies' Reports for the Quarter ended 31 March 1981

All companies mentioned are incorporated in the Republic of South Africa

BUFFELSFONTEIN Gold Mining Company Limited

Issued capital – 11 000 000 shares of R1 each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980	9 months ended 31.3.1981
GOLD			
Mined (m²)	209 855	219 888	668 661
Ore milled (t)	839 000	863 000	2 522 000
Gold produced (kg)	6 653	7 036	20 395
Yield (g/t)	7,9	8,2	8,1
Working revenue (R/t milled)	105,91	123,36	120,18
Working costs (R/t milled)	47,67	44,85	46,10
(R/m² mined)	190,59	176,03	173,87
Working income (R/t milled)	58,24	78,51	74,08
Gold price received (R/kg)	13 335	15 130	14 860
($/oz)	544	627	612
The above figures include ore processed by Stilfontein Gold Mining Company Limited			
URANIUM			
Pulp treated (t)	779 000	787 000	2 342 000
Oxide produced (kg)	153 900	154 300	450 600
Yield (kg/t)	0,20	0,20	0,19
Financial results (R'000)			
GOLD – Working revenue	88 855	106 462	303 085
– Working costs	39 997	38 707	116 261
– Working income	48 858	67 755	186 824
URANIUM – Working income	3 581	9 390	14 489
Sundry income	2 349	1 460	5 238
Tribute and royalty payments – net	(3 305)	(5 180)	(12 782)
Income before taxation and State's share of income	51 483	73 425	193 769
Taxation and State's share of income	27 539	39 058	103 353
Income after taxation and State's share of income	R23 944	R34 367	R90 416
Capital expenditure	9 402	9 553	25 476
Dividend declared	—	34 100	34 100
Development – Vaal Reef			
Advanced (m)	14 492	16 430	47 404
Advanced on reef (m)	1 595	1 334	4 668
Sampled (m)	1 515	1 278	4 530
Channel width (cm)	114	111	112
Average value . gold (g/t)	15,55	16,06	14.71
– (cm.g/t)	1 765	1 775	1 650
– uranium (kg/t)	0,482	0,493	0,447
– (cm.kg/t)	54,75	54,48	50,19

REMARKS

Capital expenditure

Commitments in respect of contracts placed R11 591 000.
Amounts approved not yet spent R143 219 000.

Dividend

A dividend of 310 cents per share was paid on 6 February 1981.

Strathmore shaft system

Development of the Strathmore shaft system is progressing according to schedule.

STILFONTEIN Gold Mining Company Limited

Issued capital – 13 662 920 shares of 50 cents each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980
GOLD		
Mined (m²)	127 876	135 954
Ore milled (t)	470 000	485 000
Gold produced (kg)	3 798	4 070
Yield (g/t)	8,1	8,4
Working revenue (R/t milled)	104,02	127,33
Working costs (R/t milled)	51,34	49,56
(R/m² mined)	188,58	176,82
Working income (R/t milled)	52,68	77,77
Gold price received (R/kg)	12 872	15 174
($/oz)	519	628
The above figures exclude ore processed for Buffelsfontein Gold Mining Company Limited		
Financial results (R'000)		
GOLD – Working revenue	48 889	61 757
– Working costs	24 127	24 039
– Working income	24 762	37 718
Sundry income	1 222	1 628
Tribute and royalty payments – net	(3 189)	(5 362)
Income before taxation and State's share of income	22 795	33 984
Taxation and State's share of income	12 593	20 200
Income after taxation and State's share of income	R10 202	R13 784
Capital expenditure	1 430	1 604
Dividend declared	—	39 189

Development

	Quarter ended 31.3.1981 Vaal Reef	VCR	Quarter ended 31.12.1980 Vaal Reef	VCR
Advanced (m)	8 497	147	8 390	171
Advanced on reef (m)	1 301	73	1 507	162
Sampled (m)	1 029	69	1 230	159
Channel width (cm)	20	74	19	65
Average value				
– gold (g/t)	66,7	2,5	61,4	2,9
– (cm.g/t)	1 314	184	1 161	189
– uranium (kg/t)	1,081	0,127	1,075	0.102
– (cm.kg/t)	21,30	9,44	20,31	6,61

REMARKS

Capital expenditure

Commitments in respect of contracts placed R3 968 000.
Amounts approved not yet spent R9 906 000.

Dividend

A dividend of 300 cents per share was paid on 6 February 1981.

Chemwes Limited

(A subsidiary of Stilfontein Gold Mining Company Limited)
Issued capital – 1 000 shares of R1 each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980
Pulp treated (t)	857 000	866 000
Oxide produced (kg)	172 320	175 923
Yield (kg/t)	0,20	0,20
Financial results (R'000)		
Net income	5 973	8 091

REMARKS

Capital expenditure

Commitments in respect of contracts placed R60 000.
Amounts approved not yet spent R199 000.

BEISA Mines Limited

Issued capital – 3 925 000 shares of R1 each.
Loan capital advanced to date: R110 843 000

Shafts

At No. 1 shaft the cutting of the reef and waste passes up to 5 level, the loading station and relevant construction work have been completed.
The programme of raiseboring the waste and reef passes between 1 and 5 levels is complete.
Metres advanced from the ventilation shaft on No. 1 and 2 levels were 1 952.

General

The erection of the second and third enclaves of the hostel, the dressing station and metallurgical laboratory has been completed.
Building of the bar and beer garden in the hostel has commenced.
The building of houses in Welkom has continued.
The construction of the uranium and gold extraction plants has reached an advanced stage and initial commissioning is in progress.

Capital expenditure

Net expenditure for the quarter on property, shafts, plant and equipment and general expenditure has amounted to R11 437 000 (to date R118 543 000).
Commitments in respect of contracts placed R5 657 000.
Amounts approved in addition to commitments, inclusive of estimated escalation to 31 December 1981 – R55 784 000.

WEST RAND Consolidated Mines Limited

Issued capital – 4 250 000 ordinary shares of R1 each.
– 25 000 deferred shares of R2 each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980
GOLD		
Gold section		
Mined (m²)	72 973	75 816
Ore milled (t)	271 500	261 000
Gold produced (kg)	557	541
Yield (g/t)	2,1	2,1
Uranium section		
Mined (m²)	117 981	131 253
Ore milled (t)	273 000	288 500
Gold produced (kg)	150	163
Yield (g/t)	0,6	0,6
Working revenue (R/t milled)	16,22	20.00
Working costs (R/t milled)	29,80	28,90
(R/m² mined)	84,57	76,88
Working income (R/t milled)	(13,58)	(8,90)
Gold price received (R/kg)	12 491	15 611
($/oz)	501	648
URANIUM		
Mined (m²)	117 981	131 253
Pulp treated (t)	273 000	285 000
Oxide produced (kg)	85 170	100 002
Yield (kg/t)	0,31	0,35
Financial results (R'000)		
GOLD – Working revenue	8 831	10 990
– Working costs	16 225	15 879
– Working loss	(7 394)	(4 889)
URANIUM – Working income	5 842	6 572
Sundry income	102	168
Tribute and royalty payments – net	—	119
Income before taxation	(1 450)	1 970
Taxation	—	401
Income after taxation	(R1 450)	R1 569
Capital expenditure	346	110
Dividend declared – ordinary shares	—	425
– deferred shares	—	142
State aid	1 890	1 387
Development		
Uranium section		
Advanced (m)	3 501	4 804
Advanced on reef (m)	1 645	2 546
Sampled (m)	1 497	2 709
Channel width (cm)	53	52
Average value – uranium (kg/t)	0,954	0,914
– (cm.kg/t)	50,77	51,57
– gold (g/t)	2,66	2,85
– (cm.g/t)	142	161
Gold section		
Advanced (m)	4 539	3 533
Advanced on reef (m)	1 225	1 021
Sampled (m)	1 212	1 098
Channel width (cm)	78	78
Average value – gold (g/t)	8,43	8,98
– (cm.g/t)	660	738

REMARKS

Capital expenditure

Commitments in respect of contracts placed R176 000.
Amounts approved not yet spent R360 000.

Dividends

Dividends of 10 cents and 567 cents to ordinary and deferred shareholders respectively were paid on 6 February 1981.

Production

Underground production in the uranium section was affected by two separate underground fires.

BRACKEN Mines Limited

Issued capital – 14 000 000 shares of 90 cents each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980	6 months ended 31.3.1981
GOLD			
Mined (m²)	61 436	62 216	123 652
Ore milled (t)	240 000	240 000	480 000
Gold produced (kg)	864	864	1 728
Yield (g/t)	3,6	3,6	3.6
Working revenue (R/t milled)	47,72	54,99	51,36
Working costs (R/t milled)	27,32	26,24	26,79
(R/m² mined)	106,76	101,23	103,98
Working income (R/t milled)	20,40	28,75	24.57
Gold price received (R/kg)	13 064	15 067	14 076
($/oz)	509	627	568
Financial results (R'000)			
GOLD – Working revenue	11 455	13 197	24 652
– Working costs	6 559	6 298	12 857
– Working income	4 896	6 899	11 795
Sundry income	94	130	224
	4 990	7 029	12 019
Tribute and royalty payments received – net	2	26	28
Income before taxation and State's share of income	4 992	7 055	12 047
Taxation and State's share of income	3 121	4 351	7 472
Income after taxation and State's share of income	R1 871	R2 704	R4 575
Capital expenditure	135	180	315
Dividend declared	4 200	—	4 200
Development – Kimberley Reef			
Advanced (m)	1 135	923	2 058
Advanced on reef (m)	231	199	430
Sampled (m)	234	204	438
Channel width (cm)	32	29	31
Average value – gold (g/t)	37,0	38,9	37,4
– (cm.g/t)	1 165	1 129	1 159

REMARKS

Capital expenditure

Commitments in respect of contracts placed R28 000.
Amounts approved but not yet spent R986 000.

Dividend

On 13 March 1981 dividend No. 37 of 30 cents per share was declared to members registered at 27 March 1981. Dividend warrants will be posted on or about 30 April 1981.

MARIEVALE Consolidated Mines Limited

Issued capital – 4 500 000 shares of 25 cents each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980
GOLD		
Mined (m²)	14 973	14 498
Ore milled (t)	240 000	240 000
Gold produced (kg)	312	336
Yield (g/t)	1,3	1,4
Working revenue (R/t milled)	16,04	21,34
Working costs (R/t milled)	11,84	11,77
(R/m² mined)	189,81	194,85
Working income (R/t milled)	4,20	9,57
Gold price received (R/kg)	12 336	15 201
($/oz)	480	633
Financial results (R'000)		
GOLD – Working revenue	3 850	5 122
– Working costs	2 842	2 825
– Working income	1 008	2 297
Sundry expenditure	(42)	9
	966	2 306
Tribute and royalty payments net	6	172
Income before taxation	960	2 134
Taxation	547	1 064
Income after taxation	R413	R1 070
Capital recoupments	—	1
Dividend declared	—	2 925

REMARKS

Dividend

A dividend of 65 cents per share was paid on 6 February 1981.

General

Two boreholes drilled north of K 18 inclined haulage on the old Nigel mine gave the following results:

Borehole No.	Depth of Kimberley reef below surface m	Number of intersections accepted	Average grade g/t	Average width cm	Average value cm. g/t
1 461	291	5	12,2	45	550
1 477	257	5	2,9	28	81

The drilling programme is now complete.

KINROSS Mines Limited

Issued capital – 18 000 000 stock in units of R1 each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980	6 months ended 31.3.1981
GOLD			
Mined (m²)	96 242	102 918	199 160
Ore milled (t)	400 000	400 000	800 000
Gold produced (kg)	2 320	2 240	4 560
Yield (g/t)	5,8	5,6	5,7
Working revenue (R/t milled)	75,38	84,70	80,04
Working costs (R/t milled)	29,80	28,55	29,18
(R/m² mined)	123,87	110,97	117,21
Working income (R/t milled)	45,58	56,15	50,86
Gold price received (R/kg)	12 900	15 034	13 948
($/oz)	502	626	563
Financial results (R'000)			
GOLD – Working revenue	30 152	33 879	64 031
– Working costs	11 922	11 421	23 343
– Working income	18 230	22 458	40 688
Sundry income	50	337	387
	18 280	22 795	41 075
Tribute and royalty payments – net	159	259	418
Income before taxation and State's share of income	18 121	22 536	40 657
Taxation and State's share of income	10 228	13 437	23 665
Income after taxation and State's share of income	R7 893	R9 099	R16 992
Capital expenditure	1 341	603	1 944
Dividend declared	14 400	—	14 400
Development – Kimberley Reef			
Advanced (m)	3 465	3 200	6 665
Advanced on reef (m)	814	894	1 708
Sampled (m)	758	951	1 709
Channel width (cm)	29	43	37
Average value – gold (g/t)	45,1	36,9	39,5
– (cm.g/t)	1 308	1 587	1 463
The above includes development for No. 2 shaft area as follows:			
Advanced (m)	2 610	2 170	4 780
Advanced on reef (m)	587	453	1 040
Sampled (m)	561	512	1 073
Channel width (cm)	23	36	29
Average value – gold (g/t)	70,2	68,0	69,3
– (cm.g/t)	1 614	2 447	2 011

REMARKS

Capital expenditure

Commitments in respect of contracts placed R2 172 000.
Amounts approved in addition to commitments R50 508 000.

Dividend

On 13 March 1981 dividend No. 26 of 80 cents per unit of stock was declared to members registered at 27 March 1981. Dividend warrants will be posted on or about 30 April 1981.

The GROOTVLEI Proprietary Mines Limited

Issued capital – 11 438 516 stock units of 25 cents each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980
GOLD		
Mined (m²)	108 958	112 442
Ore milled (t)	440 000	440 000
Gold produced (kg)	1 584	1 585
Yield (g/t)	3,6	3,6
Working revenue (R/t milled)	45,76	55,01
Working costs (R/t milled)	24,78	24,37
(R/m² mined)	100,08	95,38
Working income (R/t milled)	20,98	30,64
Gold price received (R/kg)	12 678	15 017
($/oz)	493	625
Financial results (R'000)		
GOLD – Working revenue	20 134	24 205
– Working costs	10 905	10 725
– Working income	9 229	13 480
Sundry expenditure	194	11
	9 035	13 469
Tribute and royalty payments – net	171	244
Income before taxation	8 864	13 225
Taxation	4 560	6 892
Income after taxation	R4 304	R6 333
Capital expenditure	582	731
Dividend declared	—	12 811
Development – Kimberley Reef		
Advanced (m)	1 198	1 391
Advanced on reef (m)	751	752
Sampled (m)	738	744
Channel width (cm)	20	19
Average value – gold (g/t)	40,1	33,2
– (cm.g/t)	801	630

REMARKS

Capital expenditure

Commitments in respect of contracts placed R2 218 000.
Amounts approved but not yet spent R27 124 000.

Dividend

A dividend of 112 cents per unit of stock was paid on 6 February 1981.

WINKELHAAK Mines Limited

Issued capital – 12 180 000 shares of R1 each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980	6 months ended 31.3.1981
GOLD			
Mined (m²)	122 144	135 333	257 477
Ore milled (t)	535 000	540 000	1 075 000
Gold produced (kg)	3 531	3 564	7 095
Yield (g/t)	6,6	6,6	6,6
Working revenue (R/t milled)	86,84	100,32	93,61
Working costs (R/t milled)	23,99	22,85	23,42
(R/m² mined)	105,07	91,17	97,76
Working income (R/t milled)	62,85	77,47	70,19
Gold price received (R/kg)	13 025	15 130	14 082
($/oz)	507	630	569
Financial results (R'000)			
GOLD – Working revenue	46 457	54 171	100 628
– Working costs	12 834	12 338	25 172
– Working income	33 623	41 833	75 456
Sundry income	268	586	854
	33 891	42 419	76 310
Tribute and royalty payments received – net	160	259	419
Income before taxation and State's share of income	34 051	42 678	76 729
Taxation and State's share of income	20 737	26 306	47 043
Income after taxation and State's share of income	R13 314	R16 372	R29 686
Capital expenditure	1 068	1 009	2 077
Dividend declared	26 796	—	26 796
Development – Kimberley Reef			
Advanced (m)	2 748	2 923	5 671
Advanced on reef (m)	613	561	1 174
Sampled (m)	621	594	1 215
Channel width (cm)	50	75	62
Average value – gold (g/t)	20,3	18,9	19,5
– (cm.g/t)	1 013	1 419	1 211

REMARKS

Capital expenditure

Commitments in respect of contracts placed R882 000.
Amounts approved in addition to commitments R22 913 000.

Dividend

On 13 March 1981 dividend No. 42 of 220 cents per share was declared to members registered at 27 March 1981. Dividend warrants will be posted on or about 30 April 1981.

General

Borehole 1411 was drilled immediately outside the lease boundary 2,7 km north of No. 5 shaft and borehole 1412 3,5 km north-east of No. 5 shaft just beyond the boundary of the area in which the company has acquired the right to apply to prospect and acquire the right to mine.

Borehole No.	Depth of Kimberley reef below surface m	Number of intersections accepted	Average grade g/t	Average width cm	Average value cm. g/t
1 411	2 071	7	1,29	79	102
1 412	628	2	1,19	17	20

LESLIE Gold Mines Limited

Issued capital – 16 000 000 shares of 65 cents each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980	6 months ended 31.3.1981
GOLD			
Mined (m²)	68 082	71 465	139 567
Ore milled (t)	315 000	315 000	630 000
Gold produced (kg)	1 008	945	1 953
Yield (g/t)	3.2	3,0	3.1
Working revenue (R/t milled)	41,93	45,97	43,95
Working costs (R/t milled)	25,98	25,12	25,55
(R/m² mined)	120,21	110,68	115,33
Working income (R/t milled)	15,95	20,85	18,40
Gold price received (R/kg)	12 967	15 091	13 995
($/oz)	505	628	565
Financial results (R'000)			
GOLD – Working revenue	13 209	14 481	27 690
– Working costs	8 184	7 912	16 096
– Working income	5 025	6 569	11 594
Sundry expenditure (income)	28	(16)	12
	4 997	6 585	11 582
Tribute and royalty payments – net	3	27	30
Income before taxation and State's share of income	4 994	6 558	11 552
Taxation and State's share of income	2 711	3 237	5 948
Income after taxation and State's share of income	R2 283	R3 321	R5 604
Capital expenditure	470	678	1 148
Dividend declared	4 640	—	4 640
Development – Kimberley Reef			
Advanced (m)	2 041	1 866	3 907
Advanced on reef (m)	634	621	1 255
Sampled (m)	673	614	1 287
Channel width (cm)	18	20	19
Average value – gold (g/t)	22,4	16,3	19,3
– (cm.g/t)	404	326	367

REMARKS

Capital expenditure

Commitments in respect of contracts placed R707 000.
Amounts approved but not yet spent total R4 765 000 of which R2 938 000 has been approved by the Government Mining Engineer for 1981.

Dividend

On 13 March 1981 dividend No. 31 of 29 cents per share was declared to members registered at 27 March 1981. Dividend warrants will be posted on or about 30 April 1981.

ST. HELENA Gold Mines Limited

Issued capital – 9 625 000 shares of R1 each.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980	6 months ended 31.3.1981
GOLD			
Mined (m²)	101 040	104 983	206 023
Ore milled (t)	530 000	555 000	1 085 000
Gold produced (kg)	3 869	4 163	8 032
Yield (g/t)	7.3	7.5	7,4
Working revenue (R/t milled)	94,10	113,51	104,03
Working costs (R/t milled)	30,38	28,71	29,53
(R/m² mined)	159,36	152,24	155,49
Working income (R/t milled)	63,72	84,80	74,50
Gold price received (R/kg)	12 854	15 098	14 016
($/oz)	500	629	567
Financial results (R'000)			
GOLD – Working revenue	49 873	62 997	112 870
– Working costs	16 102	15 933	32 035
– Working income	33 771	47 064	80 835
Sundry income	55	787	842
Income before taxation and State's share of income	33 826	47 851	81 677
Taxation and State's share of income	19 201	28 511	47 712
Income after taxation and State's share of income	R14 625	R19 340	R33 965
Capital expenditure	2 146	1 421	3 567
Dividend declared	31 763	—	31 763

Development	Quarter ended 31.3.1981 Basal Reef	Leader Reef	Quarter ended 31.12.1980 Basal Reef	Leader Reef	6 months ended 31.3.1981 Basal Reef	Leader Reef
Advanced (m)	1 443	108	1 432	132	2 875	240
Advanced on reef (m)	184	64	218	16	402	80
Sampled (m)	173	79	228	26	401	105
Channel width (cm)	100	150	89	137	94	147
Average value – gold (g/t)	18,1	4.5	9,6	2,3	13,5	4,0
– (cm.g/t)	1 813	670	851	318	1 265	564

REMARKS

Capital expenditure

Commitments in respect of contracts placed R3 386 000.
Amounts approved in addition to commitments R30 476 000.

Dividend

On 13 March 1981 dividend No. 51 of 330 cents per share was declared to members registered at 27 March 1981. Dividend warrants will be posted on or about 30 April 1981.

General

Caving has occurred in the No. 8 shaft ore pass system between 25 and 26 levels which has necessitated the development of new legs. As a result the tonnage of ore hoisted has been reduced and dilution by waste rock caused a lower grade of ore to be sent to the mill.

UNISEL Gold Mines Limited

Stated capital – 28 000 000 shares of no par value.

Operating results	Quarter ended 31.3.1981	Quarter ended 31.12.1980	6 months ended 31.3.1981
GOLD			
Mined (m²)	43 861	43 654	87 515
Ore milled (t)	246 000	240 000	486 000
Gold produced (kg)	1 599	1 512	3 111
Yield (g/t)	6,5	6,3	6.4
Working revenue (R/t milled)	85,50	96,63	91,00
Working costs (R/t milled)	34,31	34,74	34,53
(R/m² mined)	192,45	191,02	191,74
Working income (R/t milled)	51,19	61,89	56,47
Gold price received (R/kg)	13 114	15 300	14 176
($/oz)	510	637	572
Financial results (R'000)			
GOLD – Working revenue	21 034	23 192	44 226
– Working costs	8 441	8 339	16 780
– Working income	12 593	14 853	27 446
Sundry expenditure	939	544	1 483
Income	R11 654	R14 309	R25 963
Net capital recoupment (expenditure)	177	(96)	81
Loan repayments	6 000	3 114	9 114
Dividend declared	11 200	—	11 200

Development	Quarter ended 31.3.1981 Basal Reef	Leader Reef	Quarter ended 31.12.1980 Basal Reef	Leader Reef	6 months ended 31.3.1981 Basal Reef	Leader Reef
Advanced (m)	1 711	125	1 722	—	3 433	125
Advanced on reef (m)	619	60	611	—	1 230	60
Sampled (m)	612	53	581	—	1 193	53
Channel width (cm)	124	139	143	—	133	139
Average value – gold (g/t)	17.1	4,3	11,6	—	14,2	4,3
– (cm.g/t)	2 116	601	1 660	—	1 894	601

REMARKS

Capital expenditure

Commitments in respect of contracts placed – R208 000.
Amounts approved in addition to commitments R2 420 000.

Dividend

On 13 March 1981 dividend No. 3 of 40 cents per share was declared to members registered at 27 March 1981. Dividend warrants will be posted on or about 30 April 1981.

NOTES

1. Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.
2. All financial figures are unaudited.
3. The quarterly reports have been approved and signed on behalf of the respective companies by two directors.

Johannesburg, 22 April 1981

Copies are available from: London Office, 30 Ely Place, London, EC1N 6UA

Asarco and MIM hit by fall in metal prices

BY KENNETH MARSTON, MINING EDITOR

THE COLD winds of recession have produced a further withering in first-quarter profits at Asarco, the major U.S. non-ferrous metals group. Earnings for the three months have dropped to $18.3m (£8.5m), equal to 68 cents (31p) per share.

This compares with a re-stated $154.4m in the first quarter of last year and $24.7m in the final quarter of 1980 when results were hit by strikes at Southern Peru Copper and a $7m charge to cover the anticipated loss in closing the Tacoma, Washington, copper refinery.

Earnings for the latest quarter have been depressed mainly by lower prices for silver and copper which were down to $13.37 per ounce and 86 cents per pound, respectively, from $32.49 to $1.19 a year ago. Lower prices were also received for lead and molybdenum while costs were increased by new labour contracts.

At the same time, Asarco's share of earnings of its foreign affiliates fell to $26.5m in the first quarter compared with $78.1m in the same period of 1980. *These include a stake of* 49 per cent in Australia's **MIM Holdings**, the country's largest copper producer.

MIM reports that its earnings for the first 40 weeks of its current year to June 30 have fallen to A$94.4m (£50.4m) from A$172.8m in the same period of 1979-80. Particular weakness *developed in the three months* to April 16 when profits amounted to only A$17.9m following industrial problems at the big Mount Isa mine.

Another adverse factor was the weakness in silver prices. But on the brighter side, the Australian company's sales of *nickel*, iron ore and coal improved in the 40-week period and it is pointed out that since February the downtrend in copper and lead prices appears to have halted and there has been some strengthening in the zinc market.

W. Rand Cons. makes a loss

THE susceptibility of the *marginal gold mines* to lower gold prices is underlined in the March quarterly reports of the gold producers in the General Mining Union Corporation (Gencor) group. A notable casualty is **West Rand Consolidated**—with a milling ore grade of only 2.1 grammes at its gold section—which ran into a *working loss during the quarter.*

State aid came to the rescue, leaving West Rand Cons with a net profit for the period of R440,000, *a fall of 85 per cent on the previous three months.* The gold price received by the mine during the past quarter was $501 per troy ounce compared with an above average $645 in the *previous three months.*

For the group as a whole the average dollar price of gold received was some 20 per cent below that of the December quarter but because of the appreciation in the U.S. dollar the net result was a reduction of about 15 per cent in terms of South African rands. The prices received by the individual mines, which vary according to the timing of sales, are compared in the following table:

	March qtr.	Dec. qtr.
Bracken	$509	$627
Buffelsfontein	$544	$627
Grootvlei	$493	$625
Kinross	$502	$626
Leslie	$505	$628
Marievale	$480	$633
St. Helena	$500	$623
Stilfontein	$519	$628
Unisel	$510	$637
West Rand Cons.	$501	$648
Winkelhaak	$507	$630

Apart from the marginal *Marievale, which had a gold* recovery grade of only 1.3 grammes and suffered a 61 per cent fall in net profits last quarter, reductions in earnings range to about 30 per cent as the next table shows.

	March qtr. R000	Dec. qtr. R000	Sept. qtr. R000
Bracken	1,871	2,704	3,916
Buffels	23,944	34,367	32,106
Grootvlei	4,304	6,333	7,615
Kinross	7,893	9,099	10,405
Leslie	2,283	3,289	3,159
Marievale	413	1,070	1,253
St. Helena	14,625	19,340	21,848
Stilfontein	10,202	†13,784	17,562
Unisel	11,654	14,309	13,834
W. Rnd. Cons.	¶440	¶2,981	¶2,253
Winkelhaak	13,314	16,372	19,341

† Restated. ¶ After receipt of State aid.

The young Unisel mine came *out fairly well, however, thanks* to increases in both milling and gold grade. It is also interesting to note the latest rise in development values on the important *Basal reef which underlines* hopes of a further improvement in the property's mining grades this year.

S. African mines big spending

THE SOUTH AFRICAN mining industry will spend at least R12bn (£6.8bn) on new capital projects over the next five years, according to estimates by the *Chamber of Mines in Johannesburg*, reports **Bernard Simon.**

The projection, published in the Chamber's annual review, is based only on projects already announced by the mining companies.

The expansion programme will create about 9,300 new skilled jobs, and 85,000 openings for *unskilled and semi-skilled* workers.

New gold mines, and expansions to existing gold operations, will account for more than *half of the total budget. The gold mines are expected to spend* about R3bn on capital investment this year alone. It was revealed recently that 20 new shafts on 16 of the country's 37 *producing gold mines are under* construction at present.

Most of the planned expansions to gold mines are commercially viable at a gold price of $400 an *ounce or above, according to the* Chamber. The price would thus have to drop well below its present level of around $500 before projects are postponed or *cancelled.*

Coal mines will be the second biggest spenders. Ten new collieries have been established in the past few years, and several more are already under construction to supply new power stations and the rapidly growing export market.

The Chamber estimated that total world supplies of gold reached 1,360 tonnes last year, compared with 1,765 tonnes in 1979. Last year's supply figure included Western world production of 960 tonnes, net sales by the Eastern bloc of 100 tonnes and net dishoarding of 300 tonnes.

Demand for gold from most *sources dropped significantly*, the Chamber said. Sales of gold jewellery fell to 350 tonnes last year from 737 tonnes, and demand from other industrial users *was 225 tonnes against 285* tonnes.

Sales of gold coins and medallions declined by 13 per cent to 255 tonnes, and purchases *of bullion* by the private sector were 8 per cent lower at 415 tonnes. Net purchases by central banks are estimated to have risen to 115 tonnes in 1980.

HIGHER GRADE AT GOLDEN WONDER

Further exploration at the Golden Wonder mine near Lake City, Colorado, has revealed *higher grade ore, according to* **Lake City Mines.** The company has already reported what it calls "commercial grade" ore, and now reports an exceptionally rich 79 grammes of gold and 3 ounces of silver per ton. Estimates of the total tonnage will be made after further exploration work.

Further fall in profits at Lornex

THE DOWNTURN in earnings of the British Columbia copper and molybdenum producer **Lornex Mining** evident over the last three quarters of 1980 has continued into the first three months of the current year.

Net profits for the three months to the end of March were C$9.21m (£3.6m), compared with C$12.7m for the December quarter and an exceptionally *high* C$27.95m for the first quarter of last year.

Lornex attributed the decline principally to lower prices for copper, molybdenum and silver. Copper production was about the same in the first quarter of each year, but a fall in moly output was another important factor in the reduction in profits.

Moly production was 35 per cent lower than in the first quarter of 1980, partly because of lower grades, but also because of the abnormally high recovery rate resulting from the clean-up in January 1980 of a filter cake stockpile.

Production is expected to be higher this year, as the company's programme to expand annual output by 68 per cent is proceeding on schedule and should be completed by mid-year. The expansion programme is now expected to cost slightly less than the C$160m originally envisaged.

The **Rio Tinto-Zinc** group's 52.76 per cent-owned Canadian arm, **Rio Algom**, has a stake of 68.1 per cent in Lornex.

ROUND-UP

The U.S. process plant engineering company **Fluor Corporation**, recently in the news with its successful $2.73bn (£1.3bn) *takeover bid for* **St. Joe Minerals**, is involved in talks over the development of the huge Cerro Colorado copper orebody in Chiriqui Province, Panama.

Phase one of the project, owned jointly by the state-controlled **Corporacion Desarrollo Minero Cerro Colorado** (Codemin) and **Rio Tinto-Zinc**, involves *the construction of a pilot plant*, while the second phase includes an open-pit copper mine and a 100,000 tons per day concentrator.

A final decision to go ahead *with the project* is expected within three months. RTZ estimates the total cost, including substantial spending on infrastructure, at in excess of $2bn.

* * *

Coal mines in Yugoslavia produced 12.65m tons during the first quarter of this year, a rise of 16.1 per cent over last year's first three months, according to Tanjug, the Yugoslav news agency. This is reported to be the maximum that could be achieved in the face of heavy rains, blizzards, extreme cold and shortages of spare parts for machinery.

* * *

Canada's *Caampbell Resources* has reached an agreement with **Inca Resources** under which it will eventually take a 60 per cent stake in the latter's Gulch gold property in *Plumas County*, California. Gold was discovered on the property before the turn of the century, but no significant mining has taken place.

General Mining Union Corporation Group

COAL MINING COMPANIES' REPORT FOR THE QUARTER ENDED 31 MARCH 1981

(Both Companies are incorporated in the Republic of South Africa)
(All figures are subject to audit)
Shareholders are reminded that quarterly results are not necessarily indicative of the results which may be expected over a full year.

TRANS-NATAL COAL CORPORATION LIMITED

	Quarter ended 31.3.81	Quarter ended 31.12.80	Comparative quarter previous year 31.3.80	9 Months to 31.3.81
Tons sold ('000)	6.595	6.483	6.520	20.305
GROUP INCOME	R(000)	R(000)	R(000)	R(000)
Net income from mining and allied activities	15,815	14.567	11,591	44,938
Deduct/(Add): *Financing and Sundries*	*(1.401)	522	(283)	(592)
	17.216	14.045	11.874	45,530
Deduct: Taxation	2,914	1.502	3.041	6,376
Outside shareholders' interest	1,318	1.313	1,370	4,177
Preferential dividend	1.498	—	—	1,498
NET GROUP INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	11,486	11.230	7,463	33,479
CAPITAL EXPENDITURE	15.525	18.064	3,041	48,919

Earnings per share for 9 months: 63 cents (9 months to 31 March 1980: 41 cents)

Note:
* *Includes R1.2m in respect of interest received on funds derived from the recent rights issue.*

On behalf of the Board
G. CLARK
S. P. ELLIS Directors

THE CLYDESDALE (TRANSVAAL) COLLIERIES LIMITED

	Quarter ended 31.3.81	*Quarter ended* 31.12.80	Comparative quarter *previous year* 31.3.80	9 Months to 31.3.81
Tons sold ('000)	1,627	1.670	1,493	5,178
INCOME	R(000)	R(000)	R(000)	R(000)
Net income from mining and allied activities	3.800	3,190	2,099	9,851
Other income	309	119	246	660
	4,109	3,309	2,345	10,511
Deduct: Taxation	5	5	812	14
NET INCOME AFTER TAXATION	4.104	3,304	1,533	10,497
CAPITAL EXPENDITURE	6,153	8,599	412	18,307

Earnings per stock unit for 9 months: 104 cents (9 months to 31 March 1980: 43 cents)

On behalf of the Board
D. GORDON
G. CLARK Directors

Secretaries:
GENERAL MINING UNION CORPORATION LIMITED
6 Hollard Street,
Johannesburg. 2001
P.O. Box 61824, Marshalltown, 2107
23 April 1981

London Office:
30 Ely Place,
London,
EC1N 6UA.

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CURRENCIES, MONEY and GOLD

Dollar weak

Dollar lost ground in thin foreign exchange trading, reflecting selling from U.S. centres following a *slight decline in* Eurodollar interest rates. At the same time the approach of the French Presidential Election may have encouraged renewed European interest in gold.

Sterling improved against major currencies in general and was very firm in *terms of the* dollar.

European currencies finished close to their best levels of the day against the dollar, while the Belgian franc rose quite sharply within the European Monetary System. The D-mark remained the strongest member of the system.

DOLLAR—trade-weighted index (Bank of England) fell to 102.5 from 103.0. The U.S. *currency* fell to DM 2.1615 from DM 2.1850 against the D-mark, finishing at the lowest level of the day. It fell to SwFr 1.9700 from SwFr 1.9930 in terms of the Swiss franc, and to Y216.90 from Y218.40 against the Japanese yen.

STERLING — *trade-weighted* index (Bank of England) rose to 99.7 from 99.2, after rising to 99.4 in the morning and 99.5 at *noon. The pound* opened at $2.1675-2.1685, the lowest level of the day, and improved to $2.1820-2.1830 in the early after*noon. It* touched a peak of $2.1910-2.1920, and closed at $2.1885-2.1895, a rise of 3.05 cents on the day. Sterling rose to DM 4.7350 from DM 4.72 against the D-mark, to SwFr 4.3125 from SwFr 4.3050 in terms of the Swiss franc; to FFr 11.2075 from FFr 11.1550 against the French franc; and to Y475 from Y471.50 against the Japanese yen.

D-MARK—One of the strongest members of the European Monetary System, helped by the sharp rise in West German interest rates. On the other hand a firmer tendency in U.S. rates has depressed the D-mark against the dollar recently, despite an easing of tension in Poland — The D-mark improved against the dollar at the Frankfurt fixing, but weakened against the pound, and showed no overall trend. The *dollar fell* to DM 2.1749 from DM 2.1833, without any intervention by the Bundesbank at the fixing or in the open market. *Sterling* rose to DM 4.7240 from DM 4.7110, and the Swiss franc to DM 1.0975 from DM 1.0958. Within the EMS the French franc *fell* to DM 42.275 per 100 francs from DM 42.34.

BELGIAN FRANC — Weakest member of the EMS following the devaluation of the lira, and remaining under pressure. In recent weeks the Belgian National Bank discount rate has shown an upward trend, but movements have been erratic— The Belgian franc was firmer at the Brussels fixing, despite a slight improvement by sterling and the Swiss franc. The dollar fell to BFr 35.57 from BFr 35.75; the D-mark to BFr 16.3515 from BFr 16.3740; the French franc to BFr 6.9080 from BFr 6.9315; and the Irish punt to BFr 59.65 from BFr 59.7450. On the other hand sterling rose to BFr 77.2150 from BFr 77.1350.

DUTCH GUILDER — Remaining firm within the EMS, but in common with other European currencies weaker against the dollar. Economic problems caused by oil price increases and world recession have led to balance of payments deficit, but the Netherland's position seems less severe than several other EMS members — The guilder showed mixed changes at the Amsterdam fixing, with the dollar falling to Fl 2.4160 from Fl 2.4235. At the same time the French franc fell to Fl 46.98 per 100 francs from Fl 47.00, but the D-mark rose to Fl 111.13 per 100 marks from Fl 110.99. The Belgian franc improved

THE POUND SPOT AND FORWARD

April 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1675-2.1920	2.1885-2.1895	0.45-0.55c dis	−2.74	2.05-2.15dis	−3.84
Canada	2.5875-2.6110	2.6080-2.6090	1.10-1.20c dis	−5.29	3.25-3.40dis	−5.10
Nethlnd.	5.23-5.27	5.25½-5.26½	1⅛-⅛c pm	1.71	2⅛-1⅞ pm	1.33
Belgium	77.10-77.50	77.35-77.45	30-40c dis	−5.43	85-100 dis	−4.78
Denmark	14.83-14.93	14.92-14.93	1⅞-3⅞ore dis	−2.27	8⅞-10⅞ dis	−2.61
Ireland	1.2915-1.2990	1.2970-1.2985	0.31-0.44p dis	−3.47	0.94-1.09dis	−3.13
W. Ger.	4.71-4.74	4.73-4.74	⅛pf pm-⅛ dis	0.32	⅛ pm-⅛ dis	−0.11
Portugal	126.40-127.50	127.25-127.45	20 pm-55c dis	−3.53	10-190 dis	−3.14
Spain	191.25-192.50	192.30-192.50	60-95c dis	−4.83	245-280 dis	−5.56
Italy	2,351-2,364	2,354½-2,355½	12-14lire dis	−6.62	40¼-43¼ dis	−7.09
Norway	11.89-11.98	11.97-11.98	1⅛-⅛ore pm	0.88	2⅞-⅞ pm	0.50
France	11.16-11.23	11.20¼-11.21¼	⅛-1⅛c dis	−0.67	3¼-4¼ dis	−1.34
Sweden	10.22-10.30	10.28½-10.29½	2-3ore dis	−2.92	9-10 dis	−3.69
Japan	470-477	474½-475½	2.65-2.35y pm	6.31	6.10-5.80 pm	5.01
Austria	33.35-33.60	33.55-33.60	4 pm-1gro dis	0.54	7 pm-3 dis	0.24
Switz.	4.29-4.32	4.30¼-4.31¼	1½-1c pm	3.48	3⅛-2⅞ pm	2.67

Belgian rate is for convertible francs. Financial franc 79.70-79.80. Six-month forward dollar 3.90-4.00c dis. 12-month 6.40-6.60c dis.

THE DOLLAR SPOT AND FORWARD

April 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1675-2.1920	2.1885-2.1895	0.45-0.55c dis	−2.74	2.05-2.15dis	−3.84
Ireland†	1.5763-1.5880	1.5850-1.5880	0.15-0.05c pm	0.72	0.25-0.35dis	−0.72
Canada	1.1918-1.1944	1.1938-1.1942	0.15-0.20c dis	−1.76	0.33-0.38dis	−1.19
Nethlnd.	2.4055-2.4170	2.4055-2.4065	1.05-0.96c pm	5.02	3.40-3.30 pm	5.55
Belgium	35.34-35.60	35.34-35.36	6-9c dis	−2.53	6-11 dis	−0.96
Denmark	6.8265-6.8475	6.8300-6.8325	0.70-0.20ore pm	0.79	2.50-2.00 pm	1.31
W. Ger.	2.1610-2.1775	2.1610-2.1620	0.54-0.48pf pm	2.83	2.04-1.98 pm	3.72
Portugal	58.15-58.60	58.18-58.30	20c pm-10 dis	0.97	50 pm-25 dis	0.86
Spain	87.84-88.25	87.84-87.89	5-15c dis	−1.36	15-35 dis	−1.13
Italy	1077-1084	1077-1079	3-3½lire dis	−3.60	7¼-8½ dis	−2.99
Norway	5.4750-5.4875	5.4790-5.4800	2.10-1.60ore pm	4.05	6.40-5.90 pm	4.48
France	5.1200-5.1470	5.1200-5.1250	0.98-0.88c pm	2.17	3.50-3.30 pm	2.64
Sweden	4.7060-4.7200	4.7095-4.7105	0.05-0.25ore dis	−0.38	0.50-0.30 pm	0.34
Japan	216.80-218.20	216.85-216.95	1.70-1.55y pm	8.99	4.85-4.70 pm	8.81
Austria	15.325-15.390	15.325-15.3325	4.90-3.60gro pm	3.32	16.25-14.75pm	4.29
Switz.	1.9670-1.9870	1.9695-1.9705	1.16-1.06c pm	6.76	3.58-3.48 pm	7.17

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	99.7	−26.4
U.S. dollar	102.5	−2.4
Canadian dollar	86.2	−17.7
Austrian schilling	115.8	+22.0
Belgian franc	107.8	+9.4
Danish kroner	88.9	−11.0
Deutsche mark	120.5	+40.7
Swiss franc	154.5	+75.4
Guilder	111.7	+14.9
French franc	86.0	−9.8
Lira	59.1	−55.4
Yen	141.7	+37.4

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.557525	0.538604
U.S. $	13	1.20341	1.16295
Canadian $	16.94	1.43639	1.38973
Austria Sch.	6¾	18.5891	17.9502
Belgium F.	15	43.0219	42.9072
Danish K.	11	8.26743	7.98600
D mark	7½	2.62741	2.53640
Guilder	9	2.91646	2.81784
French Fr.	9½	6.20839	5.99444
Lira	19	1308.41	1264.13
Yen	6¼	262.343	253.431
Norwgn. Kr.	9	6.60311	6.37996
Spanish Pts.	8	106.561	103.003
Swedish Kr.	12	5.68407	5.49263
Swiss Fr.	4	2.39900	2.31311
Greek Dr'ch.	20½	—	61.8808

OTHER CURRENCIES

April 22	£	$		£ Note Rates
Argentina Peso	6709-6729	3081-3091	Austria	33.20-33.60
Australia Dollar	1.8985-1.9035	0.8678-0.8682	Belgium	79.00-79.80
Brazil Cruzeiro	172.95-173.95	79.46-79.86	Denmark	14.80-14.95
Finland Markka	9.04-9.06	4.1520-4.1530	France	11.12-11.28
Greek Drachma	113.154-116.025	52.80-53.00	Germany	4.71-4.75½
Hong Kong Dollar	11.7085-11.7295	5.3665-5.3695	Italy	2320-2385
Iran Rial	164.80*	75.40*	Japan	472-478
Kuwait Dinar(KD)	0.596-0.602	0.27575-0.27585	Netherlands	5.22-5.27
Luxembourg Frc.	77.35-77.45	35.34-35.36	Norway	11.88-12.00
Malaysia Dollar	5.0935-5.1055	2.3345-2.3375	Portugal	124½-128½
New Zealand Dlr	2.4255-2.4305	1.1080-1.1093	Spain	187-197½
Saudi Arab. Riyal	7.26-7.32	3.3575-3.3595	Sweden	10.24-10.34
Singapore Dollar	4.6235-4.6335	2.1190-2.1210	Switzerland	4.28½-4.33
Sth African Rand	1.7740-1.7768	0.8104-0.8117	United States	2.16½-2.18½
U.A.E. Dirham	7.95-8.01	3.6720-3.6740	Yugoslavia	79-83

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.4595	+1.62	+1.58	±1.5361
Danish Krone	7.91917	7.99224	+0.92	+0.88	±1.6413
German D-Mark	2.54502	2.53693	−0.32	−0.36	±1.1386
French Franc	5.99526	6.00440	+0.15	+0.11	±1.3638
Dutch Guilder	2.81318	2.81615	+0.11	+0.07	±1.5159
Irish Punt	0.685145	0.685201	+1.47	+1.43	±1.6688
Italian Lira	1262.92	1265.56	+0.21	+0.21	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 22	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.189	4.735	475.0	11.21	4.313	5.260	2356.	2.609	77.40
U.S. Dollar	0.457	1.	2.163	217.0	5.120	1.970	2.403	1076.	1.192	35.36
Deutschemark	0.211	0.462	1.	100.3	2.367	0.911	1.111	497.5	0.551	16.35
Japanese Yen 1,000	2.105	4.608	9.968	1000.	23.59	9.079	11.07	4959.	5.492	162.9
French Franc 10	0.892	1.953	4.225	423.8	10.	3.848	4.693	2102.	2.327	69.06
Swiss Franc	0.232	0.508	1.098	110.1	2.599	1.	1.220	546.2	0.605	17.95
Dutch Guilder	0.190	0.416	0.900	90.30	2.131	0.820	1.	447.8	0.496	14.71
Italian Lira 1,000	0.425	0.929	2.010	201.7	4.758	1.831	2.233	1000.	1.107	32.86
Canadian Dollar	0.383	0.839	1.815	182.1	4.297	1.653	2.016	903.0	1.	29.67
Belgian Franc 100	1.292	2.828	6.118	613.7	14.48	5.572	6.796	3043.	3.370	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 22)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 3/16	offer 16 5/16	bid 16 1/8	offer 16 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¼-12½	15⅜-15⅝	16¼-17¼	10-10⅛	5½-6	9-9¼	12¼-12⅝	17½-19	16⅛-18	4½-5
7 days' notice	12¼-12½	15⅝-15⅞	16¼-17¼	10-10⅛	12¾-13¼	11⅜-11⅝	12¼-12⅝	18-19½	16-18	4¾-5¼
Month	12⅜-12½	14⅞-15⅛	17⅛-17½	10 7/16-10 9/16	8¾-8⅞	12⅛-12¼	13-13⅛	18½-19½	16½-17	6⅜-6⅝
Three months	12⅜-12½	16-16¼	17⅛-17½	10 7/16-10 9/16	9-9⅛	12 3/16-12 5/16	13¼-13⅝	19-20	16¾-17¼	7⅛-7⅜
Six months	12⅜-12½	16-16¼	16¾-17⅛	10⅝-10¾	8 15/16-9 1/16	12¼-12⅜	13⅝-13¾	19¼-20¼	16½-17	7 3/16-7 5/16
One Year	12 7/16-12½	15½-15¾	15⅞-16¼	10¾-10⅞	8⅝-8½	11⅞-12	13⅝-13¾	19-20	15¾-16¼	7¾-8

SDR linked deposits: one-month 12⅞-13 per cent; three-months 13 5/16-13 11/16 per cent; six-months 13⅜-13¾ per cent; one-year 13 5/16-13 7/16 per cent.

ECU linked deposits: one-month 13 5/16-13 7/16 per cent; three-months 13 5/16-13 11/16 per cent; six-months 13¼-13⅜ per cent; one-year 13-13⅜ per cent.

Asian $ (closing rates in Singapore): one-month 15-15⅛ per cent; three-months 16⅛-16½ per cent; six-months 16½-16⅝ per cent; one-year 15 11/16-15 13/16 per cent. *Long-term Eurodollar two-years 15¼-15½ per cent; three-years 15¼-15½ per cent; four-years 15¼-15½ per cent; five-years 15¼-15½ per cent;* nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.65-15.75 per cent; three-months 15.75-15.85 per cent; six-months 15.70-15.80 per cent; one-year 15.35-15.45 per cent.

INTERNATIONAL MONEY MARKET

German rates ease

The West German Bundesbank announced yesterday that there will be no press conference after today's meeting of the central council. This is usually taken as an indication that credit policies will remain unchanged. Today's meeting plays host to Herr Otto Lambsdorff, Economics Minister, with his presence seen as highlighting further the Bundesbank's current tight monetary stance which has attracted criticism in Government circles. This is in view of current high unemployment and economic stagnation. The Bundesbank argues, however, that interest rates elsewhere—particularly in *the U.S.—remain very high* and that a similar stance should be taken in Germany. In the money market yesterday, rates were mostly easier. *Call money was* quoted at 10.80-11.00 per cent, its lowest level for a month and down from Tuesday's level of 11.20-11.50 per cent.

The special Lombard facility remains open at 12 per cent but is little used, while short-term money is available at current rates. One-month money eased to 11.40-11.55 per cent from 12.35-12.60 per cent and the three-month rate was lower at 13.00-13.15 per cent, compared with 13.10-13.30 per cent.

Figures released in Brussels yesterday showed that the Belgian National Bank had spent around *BFr 2.6bn supporting the* Belgian franc last week and the latter was now above its floor level against the Deutsche Mark and French franc. *While foreign* exchange reserves fell, holdings of European Currency Units increased to 60.4bn, reflecting Treasury borrowings.

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

The Bank of England gave a *moderate amount* of assistance to discount houses in the London money market yesterday although early indications pointed *towards a small surplus* of funds. The help comprised small purchases of Treasury bills and local authority bills and a moderate *amount of eligible* bank bills. Discount houses were paying around 11¾ per cent for secured call loans at the start with later balances taken at 11½-12 per cent. The market was faced with the unwinding of a previous sale and repurchase agreement involving a moderate number of bills and a small amount of commercial bills maturing in official hands. On the other hand bank brought forward balances a small way above target

In the interbank market overnight loans opened at 12¼-12⅜ per cent and eased on the forecast of a small surplus to 11¾-11¼ per cent. By mid-afternoon rates had reached a peak of 12⅜-12½ per cent but fell away towards the close to 6-8 per cent.

GOLD

Sharp rise

Gold rose $15 to close at $499-502 in the London bullion market yesterday, *helped by* renewed buying interest from Europe and the Middle East in thin trading. The metal opened at $492-495, the lowest level of the day, and was fixed at $497.00 in the morning, and $501.00 in the *afternoon. Gold was last fixed* above $500 on April 9. It touched a peak of $500-503 yesterday.

In Paris the 12½ kilo gold bar was fixed at FFr 86,800 per kilo ($524.68 per ounce) in the afternoon, compared with FFr 86,750 ($524.43) in the morning, and FFr 85,950 ($518.18) Tuesday afternoon.

	April 22		April 21	
Gold Bullion (fine ounce)				
Close	$499-502	(£228½-229¾)	$483-486	(£223¾-225¼)
Opening	$492-495	(£226¾-228)	$481-484	(£222¾-224¼)
Morning fixing	$497.00	(£228.790)	$481.00	(£222.892)
Afternoon fixing	$501.00	(£229.817)	$481.00	(£222.171)
Gold Coins				
Krugerrand	$514-515	(£235-235½)	$499-500	(£231¼-231¾)
1/2 Krugerrand	$265½-266½	(£121½-121¾)	$257½-258½	(£119-119½)
1/4 Krugerrand	$135½-136½	(£62-62½)	$131½-132½	(£61-61½)
1/10 Krugerrand	$55½-56½	(£25⅜-25¾)	$55½-56½	(£25¾-26¼)
Mapleleaf	$510-511	(£233¼-233¾)	$495-496	(£229¼-229¾)
New Sovereigns	$124½-125½	(£57-57½)	$121¼-122¼	(£56-56½)
King Sovereigns	$141-143	(£64½-65½)	$139-141	(£64¼-65¼)
Victoria Sovs.	$141-143	(£64½-65½)	$139-141	(£64¼-65¼)
French 20s	$179-182	(£81¾-83¼)	$180-183	(£83¼-84)
50 pesos Mexico	$609-613	(£278½-280⅜)	$595-600	(£275½-278)
100 Cor. Austria	$475-480	(£217¼-219½)	$465-470	(£215¼-217½)
$20 Eagles	$595-600	(£272-274½)	$592-597	(£273½-275)

MONEY RATES

NEW YORK

Prime Rate	17½
Fed. Fund	16⅛-16⅜
Treasury Bills (13-week)	13.45
Treasury Bills (26-week)	13.46

GERMANY

Special Lombard	12.00
Overnight Rate	10.90
One month	11.475
Three months	13.075
Six months	12.95

FRANCE

Intervention Rate	12.5
Overnight Rate	12.25
One month	12.8125
Three months	13.0
Six months	13.0

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.125
Bill Discount (three-month)	

LONDON MONEY RATES

April 21 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ✝	Eligible Bank Bills ✝	Fine Trade Bills ✝
Overnight	—	6-12½	—	—	—	—	11½-12	—	—	—
2 days notice	—	—	12⅝	—	—	—	—	—	—	—
7 days or 7 days notice	—	12⅛-12½	12¼-12⅜	—	12¾	12	11⅞-12	—	—	—
One month	12⅛-12¼	12 5/16-12¼	12¼	13⅜-13	12 9/16	12¾	11¾	11 9/16	11¾	12¾
Two months	12½-12¼	12 5/16-12½	—	13⅛-12¾	12¾	12⅝	11¾	11⅝	11⅝-11 21/32	12½
Three months	12⅝-12¼	12⅜-12½	12¼-12½	12⅞-12½	12⅝	12¾	11⅝	11 9/16	11½	12¼
Six months	12 7/16-12 5/16	12⅛-12 3/16	12-12⅛	12⅜-12¼	12½	12⅝	—	—	11 9/16-11¼	11¾
Nine months	12 5/16-12 3/16	12 3/16-12¼	—	12⅝-12⅜	12½	12⅝	—	—	—	—
One year	12⅛-12	12 1/16-12¼	12⅛-12⅜	12⅜-12⅛	12½	12⅝	—	—	—	—
Two years	—	—	12⅝-12 7/16	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 13-13¼ *per cent; five years 13¼-13½ per cent.* ✝ Bank bill rates in table are buying rates for prime paper. Buying rates for four-months bank bills 11 7/16 per cent; four-months trade bills 12½ per cent.

Approximate selling rate for one-month Treasury bills 11 9/16-11½ per cent; two-months 11¼ per cent; three-months 11 9/16-11½ per cent. *Approximate selling rate for one-month bank bills* 11⅝-11 11/16 per cent; two-months 11 17/32-11 19/32 per cent; three-months 11 3/16-11¼ per cent; one-month trade bills 12½ per cent; two-months 12¼ per cent and *three-months* 12 per cent.

Finance House Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.2883 per cent.

APPOINTMENTS

Burmah-Castrol finance chief

Mr. H. R. Charles has been appointed director finance for the BURMAH-CASTROL COMPANY. He succeeds Mr. M. J. S. Neville, who has retired after 26 years with the Burmah Group. Mr. Charles joined Castrol in 1962 in the cost accounts department. He became manager of the management accounts department in 1968 and was promoted to general manager, finance division in 1975.

★

Mr. Michael S. Double has been appointed financial director of MADAME TUSSAUD'S.

★

Mr. Alan G. Cox has been appointed chief executive of ALLIED STEEL AND WIRE.

★

Mr. Roger Hurn, managing director of SMITHS INDUSTRIES, will assume the additional role of chief executive on August 1 when he takes over from **Sir Roy Sisson**, who will continue as chairman of the Board.

★

Mr. Charles O'Halloran, convenor of Strathclyde Regional Council, has been appointed a *member of the* BRITISH RAILWAYS (SCOTTISH) BOARD from May 1 for a two-year term. *Sir John Atwell, former chairman of the engineering division*, Weir Group and **Sir Robin MacLellan**, *former chairman of the* Scottish Tourist Board, both retire from the Board on April 30.

★

The Environment Secretary has appointed Mr. Stanley Waring as a member of the Board of WASHINGTON DEVELOPMENT CORPORATION. He recently retired from the post of deputy group managing director of Corning, Wear Glass Works.

★

Mr. Denis Lyons has been appointed managing director of the UK operations of HEIDRICK AND STRUGGLES INTERNATIONAL, executive search consultancy. **Mr. Tom Speir** has been appointed a director.

★

Mr. A. T. Wyatt has been appointed director of *industrial* relations, BRITISH GAS CORPORATION.

★

Mr. Horace Shackleton has *been appointed president* of LEEDS AND HOLBECK BUILDING SOCIETY. A past chief executive of the Society, Mr. Shackleton retired at the end of March, 1980, and has been vice-president of the Society since April 10, 1979. **Mr. J. Olav Arnold** has been appointed vice-president of the Society.

★

Mr. Brian L. Walker, general manager (rental), has been appointed to the Board of JAS. SMITH AND SONS (CLEANERS), Dewsbury, part of the Johnson Group Cleaners, Bootle.

★

Mr. Leo O'Brien, sales director *for Crockatt Cleaners, Leeds, has* been appointed a member of the eastern divisional Board of *JOHNSON GROUP CLEANERS.*

★

Mr. R. J. Hooper has been appointed managing director of THE TRUSTEES CORPORATION.

★

Sir Gordon Hobday is to chair the Board of ATV MIDLANDS, which in reconstituted form has been awarded the ITV franchise *in the East and West Midlands* from January 1982. Sir Gordon will be joining the Board in May. He has been chairman of The Boots Company in Nottingham since 1973.

★

In the OXFORD GROUP of companies, **Mr. John Lawrence** has relinquished the position of *managing director* at Oxford Medical Systems to play a wider role as group financial director. His place is taken by ***Mr. Antony* Costley-White.**

★

Mr. C. G. H. Clark, a director of Kleinwort Benson, has been appointed general manager of KLEINWORT BENSON (GENEVA) SA.

★

Mr. Bjorn C. W. Jonker, executive director of London and Continental Bankers, will leave that bank on April 30 to take up the appointment of chief executive of RAKYAT FIRST MERCHANT BANKERS, in Kuala Lumpur. His responsibilities at LCB will be taken over by **Mr. Michael Gibbs.**

★

Dr. Arthur Fürer has become a member of the international council of MORGAN GUARANTY TRUST COMPANY. Dr. Fürer is managing director of Nestlé SA, Vevey, Switzerland.

Mr. Peter G. Ogden has joined MORGAN STANLEY INTERNATIONAL as a vice-president. He was previously a managing director of Merrill Lynch White Weld capital markets group in London.

★

Mr. Mads Oevlisen is to succeed **Dr. Phil K. Hallas-Moeller** as president of NOVO INDUSTRI A/S on May 1. From that date other members of the corporate management will be. **Mr. Kare B. Dullum**, senior executive vice-*president*, **Mr. Kim A. Hueg, Mr. Henning Juncher, Mr. Ulrik V. Lassen** and **Mr. Erik Soerensen**, *executive vice-presidents.*

Mr. Juncher retires at the end of this year but will remain a consultant.

CONTRACTS

Trend Communications win £3m terminal order

TREND COMMUNICATIONS, part of Phicom's data communications division, has received a contract from British Telecom worth more than £3m for electronic telex terminals suitable for connection to the public network.

The new machines, which will initially be available in selected areas of the City of London, will provide UK telex subscribers with a machine capable of being loaded with messages during the working day for automatic transmission worldwide after they have gone home.

★

A contract worth £500,000 has been awarded by the CEGB to **ADAMSON BUTTERLEY** to supply a long span crane for the turbine hall of the Drax power station. It is to be commissioned *later this year*. The 52 metre span crane will be used initially to install turbines and later for *lifting them during maintenance*. It is of twin girder design and is capable of carrying loads of *100/50 tonnes*.

The Ceneral Electricity Generating Board has awarded the power systems division of **CHLORIDE STANDBY SYSTEMS** a contract worth over £600,000 to supply static uninterruptible power supplies to power on-line computer and data communications systems in the national and regional grid control centres. Seven systems will be installed and commissioned by the end of 1981, at grid control centres in Bristol, East Grinstead, Thames North (St. Albans), Birmingham, Leeds and Manchester, as well as at the national control centre in central London.

★

GORDON RUSSELL has been awarded the major part of the furniture contract for the new offices of Sea Containers Services at King's Reach, Upper Ground, London S.E.1. The value of the contract is £750,000 and comprises over 2,000 items of furniture. Delivery will commence during July and completion is planned for the end of October.

Inflation accounting—how the drawbacks can be overcome

BY GEOFFREY HOLMES and ALAN SUGDEN

AFTER YEARS of debate, false dawns and stop-gap measures to allow for inflation in company accounts and company taxation, the answer that finally emerged —SSAP 16: Current Cost Accounting—was published in March 1980 and is mandatory for periods beginning on or *after January 1, 1980.*

But is SSAP 16 the final answer?

Readers who have been following the subject may find themselves caught in bewilderment in the crossfire between Lord Weinstock's attack on the "mumbo jumbo of current cost accounting" (Financial Times, January 28, 1981) and Messrs. Seddon and Hazell's spirited defence "Why managers can benefit from inflation accounting" (Financial Times, March 2, 1981), while from a third direction, the Inland Revenue endeavours to torpedo the idea of using the GCA method of multiple indices in its latest proposals *for stock relief*, in favour of a single "all-stocks" index.

But the subject is much too important to be left hanging in the air. We have, *as a nation*, been overpaying ourselves for 10 years or more, and historical cost accounting has positively encouraged us to do so by painting far too rosy a picture of the profitability of the private sector, simply because it fails to allow for the effects of inflation.

There is no doubt in most people's minds that current cost *accounting gives a much better* indication of a company's profitability in times of inflation than *historical* cost accounts, but it has several major drawbacks:

1—It is very complicated: even the accounting standards committee's step-by-step guide "CCA The Easy Way" runs to 145 pages.

2—It gives companies far too much *discretion on the valuation* of assets (the "value to the business concept"), on the *choice of indices, on the method* of calculating operating adjustments, and on the inclusion or exclusion of short-term borrowing in the gearing adjustment.

3—It is entirely irrelevant as far as taxation is concerned and, finally, like historical cost accounts, *in times of inflation.*

4—The figures in one year's accounts are *not* comparable with figures of other years, unless they are all adjusted to constant pounds. (An exposure *draft on adjusting figures to a* comparable basis is being prepared.)

Conceptual problems

Let us look first at the concept of maintaining the operating capability of the existing business: allowing depreciation on the replacement cost of existing fixed assets, or on the "modern equivalent asset." Take, for example, a company that buys two screw-making machines for £5,000 each; after five years, during which time *the value of money has halved*, it buys a replacement machine that has double the output and costs *£8,000.*

It could be argued that this would maintain the company's operating capability (in screws per hour) and that the straight line current cost depreciation for the fifth year should be £8,000÷5=£1,600 for the two *old machines, the same* as the historical cost depreciation charge, i.e. no CCA depreciation adjustment.

On the other hand, the shareholders might justifiably take the view that they had had £10,000 of profit-earning assets five years ago, and so in today's pounds they should have £20,000 of profit-earning assets, *not £8,000 worth. And in maintaining* the real profit-earning capability of the company they would be right.

This approach leaves management free to select the best £20,000 of profit-earning assets it can find, rather than spending the money on maintaining the existing level of screw-making, regardless of the profitability of doing so.

The second concept, of adjusting for the change in *relative price levels, rather* than adjusting for inflation, presents the difficulties over the *choice of indices and*, under SSAP 16, with the precise choice of method.

Take, for example, last year's CCA results of Donald Macpherson, the industrial coatings and decorative paints group, which included a monetary working capital *(MWC)* adjustment of £1.133m on an average net MWC (debtors — creditors) *of around £2.7m.* Over the same period, Blundell-Permoglaze, the paint and building products group, reported a CCA adjustment of £37,000 on an average MWC of around £2m.

Both companies had done their best to present a true and fair view, in consultation with their auditors, but one had applied indices to debtors and to creditors separately and included overdraft, while the other had applied indices to net MWC. Disparities of this magnitude between similar companies, neither of *whom* were trying to window-dress, makes SSAP 16 CCA figures *almost meaningless for inter*-company comparisons.

Another key concept of SSAP 16 *is that of* an asset's "value to the business," which may be fine in theory, but in practice places far *more discretion* in the hands of management than we, and possibly they, would like. Take, for example, a company which owns a large and *hitherto profitable* chemical plant producing a "commodity chemical," where the price is set in world markets. At the end of the year the plant barely breaks even, due *to* high wage settlements and strong sterling. Unless sterling weakens, there is little or no prospect of any improvement.

Putting the plant in the CCA balance sheet at a net current replacement cost of several million pounds would, perhaps, be an expression of unjustifiable optimism, while following the *concept of* prudence and writing the plant down to scrap value could give rise to alarm and despondency in the company, and produce a self-fulfilling prediction of doom and despair.

Yet the middle *course*, of trying to predict the amount recoverable from its future use would require a forecast of the strength of sterling over the next few years.

Tax aspects

On the replacement of fixed assets, 100 per cent first year allowances already enable a company to maintain the real value of its assets without paying tax, and in addition allow companies to invest retained profits tax-free.

On *the cost of sales adjustment*/stock relief, SSAP 16 gives so much discretion in the choice of indices and *methods* of calculation that the Inland Revenue proposes that stock relief should in future be given *by* reference to a measure of *inflation*, rather than to SSAP 16's relative price changes. It is intended that relief should be given on the value *of* the *opening* stocks multiplied by the movement in an "all-stocks" index, regardless *of closing stocks.*

What the Inland Revenue is saying, quite sensibly, is that it *will allow* sufficient tax relief for a company to maintain the *real* value of its stocks over a year, but will leave the choice of whether it does so entirely to the company.

Unfortunately, the Inland Revenue does not yet take account of a company's increased needs for monetary working capital due to inflation; *this produces gross* inequalities between different types of business. An efficient supermarket chain, which *sells its goods* for cash before it pays its suppliers, will have negative MWC about equal to the value of its stock and will thus get tax relief on stock that is entirely financed by its suppliers.

On the other hand, a financial *institution* which requires a free equity capital of, say, £2.5m in order to take deposits of £100m *will get no tax relief in the* same five-year period, even though this free equity capital (equity capital less fixed assets) is a bank's equivalent of stock which cannot by definition be financed by borrowings: it will therefore need to retain £2.5m out of after tax profits in order to maintain the same real capacity for doing business. It is *hardly surprising that financial* institutions are fighting shy of current cost accounting without tax relief.

But if tax relief was to be given on the increase in working capital required by a company due to inflation, the Inland Revenue would then have to consider whether any abatement of relief should be applied to allow for the extent to which MWC is financed by borrowing.

Possible solutions

The main reason why SSAP 16 is so complicated and expensive to administer is that it tries to allow for changes in relative prices (recommended by the Sandilands report) rather than for the effects of inflation (a *phenomenon the Sandilands* report preferred to ignore). We suggest that if there was no in*flation, that is, if* the Retail Price Index had stayed at 100 since it was previously rebased, *in 1962*, not even Lord Weinstock's "academics and high priests of the accounting profession" would seriously suggest introducing major modifications to and elaborations of the system of historical cost accounting simply to allow for changes in relative prices.

What is needed is a system of inflation accounting, (what, in fairness to them, the high priests of the accounting profession suggested in the first place), *and the* Inland Revenue's proposal for an all-stocks index is a very welcome *step in the* right *direction*. But in order to be both consistent and fair, the Inland Revenue *should* apply a single index to all working capital, that is, to stocks plus trade debtors minus trade creditors.

This leaves the question of the gearing adjustment: should companies get tax relief on the proportion of assets financed by borrowings? To allow for the effects of inflation, the answer is to make interest, less the *diminution* of the real value of a company's long-term debt, deductible before tax, rather than all interest and, for simplicity, treat overdraft as part of working capital.

Some people will protest that this is grossly unfair, but why should *companies* that cannot make a real return on the money they borrow be encour*aged* to borrow by the tax system? And if the private sector wants to be fairly treated by the Inland Revenue on its assets it should be prepared to accept fair treatment on its liabilities.

Geoffrey Holmes is editor of Accountancy, the official journal of the Institute of Chartered Accountants. Alan Sugden, a Fellow of the London Business School, is a fund manager at J. Schroder Wagg.

Colgate-Palmolive hit by foreign exchange losses

BY OUR FINANCIAL STAFF

COLGATE-PALMOLIVE'S lower first quarter results reported yesterday reflect currency translation factors on the 68 per cent group profits originating abroad.

Net earnings of the U.S. manufacturer of cosmetic and household care products dropped from $50.1m, or 61 cents per share, to $45.1m or 55 cents a share, despite a rise in sales from $1.24bn to $1.33bn.

The directors point out that the net totals include a loss of 12 cents a share on currency translation this time, compared with a gain of 6 cents a year ago.

Mr. Keith Crane, the chairman, told the annual meeting in New York that he is still confident that profits this year will exceed 1980's $173.2m or $2.12 a share, on sales of $5.13bn.

Analysts on Wall Street have predicted an 8 per cent gain in profits this year.

But he said that operating earnings of the company's business cannot be expected to continue at the same rate as in the first quarter due to increased advertising costs for the company's toothpaste products.

In the first quarter, the Kendal professional health care and industrial products subsidiary achieved an 8 per cent gain in sales and a larger profit increase.

Sales for the food division declined by 2 per cent, but operating profits increased. Specialty consumer products showed a 14 per cent sales gain.

The bulk of Colgate's earnings come from its household and personal care divisions (63 per cent) and health care and industrial division (20 per cent). Higher sales in these sections are expected to boost profits this year, although business in Europe is likely to be adversely affected by the downturn in major economies. In the U.S., the outlook remains somewhat uncertain according to the board.

Last year the directors successfully concluded the disposal of certain businesses which, they said, did not fit in with future profit plans. Notable among these was the Helena Rubenstein cosmetics business and a major condominium development in Mission Hills.

Brighter outlook at National Steel

By David Lascelles in New York

NATIONAL STEEL, number four in the U.S. steel industry, yesterday reported that the profitability of its steel operations had shown a significant improvement in the first quarter, and that the outlook was brighter.

Net income was $15.7m or 83 cents a share, which compares unfavourably with the $107m or $5.63 a share earned in the same quarter last year. But last year's figures included $95.5m from a one-off coal sale, and high earnings from a financial subsidiary. Without them, the latest earnings would have shown a small improvement.

Total income in the first quarter was down slightly, from $1.2bn to $1.1bn, and steel shipments also fell, from 1.91m tons to 1.87m.

Mr. Howard Love, president, said that all segments of the company operated profitably, but that while earnings were below desired levels, they primarily reflected better results from steel operations, where blast furnace capacity has been scaled back.

He said: "The steel business is improving steadily. We've seen somewhat more strength in the market place than anticipated earlier this year. We expect the trend to continue improving gradually for the balance of the year. Considering this apparent trend, the groundwork should be in place for a good year in 1982."

David Lascelles looks at the third largest U.S. bank

Rockefeller era ends at Chase

CHASE MANHATTAN, the third largest bank in the U.S., with assets of $76bn, got a new chairman on Tuesday, 54 year old Mr. Willard Butcher. Burly, gravel-voiced and assertive, he could hardly strike a greater contrast with the frail-looking Mr. David Rockefeller who retired aged 65 having made more of a reputation for himself as an international financial statesman rather than a hustler after profits.

But Mr. Butcher is anxious to dispel any idea that the transfer of power is going to set off earthquakes at Chase. "What we are and where the Chase is going is already set in cement," he said.

In fact, Mr. Butcher has effectively been in control of Chase for nearly two years under a long-planned transition, and he has already packed more punch into what had been one of the sleepier U.S. multinational banks. Profits have raced ahead, corporate clients have found Chase hungrier for business, and those who did not fit into the new Chase scheme of things were politely but firmly told to take their business elsewhere. Even so, Mr. Butcher is expected to reinforce the new Chase image with an advertising blitz in the months ahead.

Mr. Butcher was elected president of Chase in 1972 and was closely involved in hauling Chase out of the minor crisis it ran into in the mid-1970s.

The crisis was a trauma which, in retrospect, its officials admit, probably did it a lot of good. It was partly financial: Chase got badly hit by the property collapse and earnings slump. But the insipid leadership of Mr. Rockefeller made things worse and it was clear that the bank needed a thorough shake-up.

Mr. Rockefeller stayed on but assigned more power to Mr. Butcher, and the two of them put together, in late 1977, a "mission statement" and a list of corporate objectives which they thrashed out in gruelling sessions with senior executives.

These rather unusual documents, themselves a sign of the earnestness that has long been a Chase characteristic, set Chase the goal of becoming a top quality bank in the four biggest banking markets: government, institutional, corporate and consumer.

The policy document adds: "We will only do those things that we can do extremely well, and with the highest integrity." It also sets several financial goals, including "a return on our assets and stockholders' investment at a level equal to or better than the leaders in the banking industry."

These broad objectives still hold, Mr. Butcher asserts. But Chase has already achieved a lot of the specific financial goals set in 1977, so next month he is taking his top 25 executives to a quiet country resort in North Carolina to hammer out some new ones.

But while Chase is now moving with new vigour, it will remain a conservatively managed bank: there is no urge to catch up with arch-rival Citicorp, which left Chase far behind in size in the 1970s, or to go in for too many new-fangled ideas.

Mr. Butcher stresses that when times get hard, asset quality will not be sacrificed to sustain earnings. As for interest rates, "we're bad at forecasting. We try to run our bank so that we can be indifferent to movements in interest rates"—a remark that could easily be read as a dig at Citibank which was badly pinched by soaring rates last year.

Chase has a flying start in its quest for top quality business in at least one area—international banking, thanks to the top level contacts built up by Mr. Rockefeller, who will stay on as chairman of the bank's International Advisory Committee, succeeding Dr. Henry Kissinger. About half Chase's earnings come from overseas—$179m out of a total $354m last year. But the proportion of its assets overseas is a lot higher, pointing to the narrower spreads available on foreign lending, which is a reason why Chase, like other large U.S. banks, is turning with renewed interest to the home market.

Consumer banking in the U.S. has brightened up considerably with the relaxation of State Usury Laws, limiting the amount of interest banks can charge on consumer loans. This means banks can now charge market rates on mortgages, car loans and instalment loans. Previously, when rates were high they ran these loans at a loss. But Chase is pursuing this market selectively. It has closed down a lot of branches in and around New York to concentrate on well-heeled individuals whom it lures with promise of "the Chase Advantage." It also stopped issuing Master Cards to slim down its credit card business.

Mr. David Rockefeller (left) and his successor, Mr. Willard C. Butcher

Chase has also beefed up its commercial and industrial (C and I) lending. After stagnating between 1976 and 1978, the C and I loan portfolio grey by 15 per centa year in 1979 and 1980, more than any other form of lending. Linked to this, Chase has become much more aggressive with its prime rate. In the last 12 months it often led major changes in the rate.

A sign of Chase's shift in geographical emphasis, one Wall Street analyst thinks, is that it is recalling able officers from overseas branches to staff important positions back home. "The people Chase is bringing back are not the gentlemanly types at all," he said. "They're hard hitters."

Indicative of the new Chase type is Mr. Tom Labrecque who takes over Mr. Butcher's job as president at the comparatively tender age of 42, making him one of the youngest senior bank executives in the U.S. Well-groomed, disciplined and noted as a manager rather than a banker, he could eventually become the next Chase chairman.

Mr. Butcher's immediate challenge will be to extend Chase's spectacular earnings growth. Since the "turnaround" in 1977, profits have nearly trebled and the rate of return on average assets last year was 0.53 per cent, which put Chase among the top five major banks. Comments Mr. Butcher: "We aim to have a financial position second to none." But with soaring rates and the upheavals of the U.S. banking industry, he admits that "times are challenging."

Strong growth at Digital Equipment

By Our Financial Staff

DIGITAL EQUIPMENT, the largest U.S. producer of mini-computers, pushed up net profits by 50 per cent to $100.23m in its third quarter to the end of March.

Sales of the company, which ranks as one of the largest computer groups in the U.S., jumped by 34.5 per cent from $627m to $843m with the sharper growth in profits pointing to increased margins as a result of higher prices and high levels of plant use.

For the nine months the rate of growth in profits was lower but still strong at 36 per cent, with net profits ahead from $166.05m to $226.41m. Sales were up by a similar margin from $1,67bn to $2.26bn.

Earnings per share were $4.50 against $3.68, with the third quarter contributing $1.89 compared with $1.45 previously.

$30m convertible bond for Apache postponed

BY FRANCIS GHILES

THE $30m 15-year convertible bond for the U.S. oil and gas company, Apache, was postponed yesterday by the lead manager, E. F. Hutton, due to adverse market conditions. The price has remained virtually unchanged on the New York Stock Exchange since the issue was announced last week.

Prices of fixed interest dollar bonds declined by about ⅝ points yesterday in what dealers described as thin trading. Some issues, however, declined more than others, notably some of the Ford bonds launched during the past year.

The 12⅜ per cent Ford bond to 1985 finished the day ¾ of 1 per cent lower at 89¼. These falls prompted rumours that a new Ford issue was imminent, but this does not appear to be the case. The rumours were encouraged by the postponement of U.S. domestic bond issue for the Detroit motor giant because of adverse conditions in the New York market last week.

A weakening of the dollar against the Swiss franc, together with lower dollar interest rates, helped Swiss franc bonds slightly on the secondary market.

VEAS (Vestfjorden Avlopsselskap) the Norwegian public utility, has launched a SwFr 30m ten-year public issue through Soditic. The bond carries a coupon of 7¾ per cent and has been priced at 99¾ per cent.

Meanwhile, the European Investment Bank has completed a SwFr 50m six-year private placement through UBS, with a coupon of 1½ per cent. UBS is also lending a SwFr 25m five-year canvertible placement for the Osaka Transformer Company. The coupon is 4⅞ per cent and the conversion premium is 5.17 per cent.

Rise of 70% at Geo International

By Terry Byland

NET INCOME of Geo International, which was set up in February when Peabody International, the U.S. pollution control company spun off its oilfield and quality control operations to shareholders, jumped by 70 per cent to $11.5m, or $1.05 a share, in the second fiscal quarter.

Mr. Anthony J. Giglio, president and chief operating officer, said in London yesterday that the upturn, which followed a rise of 76 per cent in income in the first quarter, reflected increases in sales in all areas of the company's operations.

Sales of oil production equipment, including the pumping units of which Geo is believed to be the world's largest manufacturer, jumped by 64 per cent in the second quarter.

Production equipment sales provided more than 40 per cent of the group total in the first quarter, with a further 24 per cent coming from quality assurance servicing, in which Geo is the U.S. leader.

But the sharpest increase came in sales of seismic services, which made up 12 per cent of group sales in the first quarter. The second quarter brought a near doubling of seismic service sales.

In May, Geo expects to commence sales to the North Sea oil industry of its Vannsystem, which completes oil and gas wells so that production can begin.

This would be the first time the Vannsystem has been sold outside North America, and Mr. Giglio saw the North Sea area as "a very good market for us."

He commented that Geo expected growth to continue at its present high rate for the rest of this year and next, after which some moderation in the pace of growth was likely.

Geo is actively seeking acquisitions in the U.S. and also Europe and the UK, said Mr. Giglio. It would like to buy small and medium-sized companies in its own fields of business.

Weak European markets cut Alcan's earnings

BY ROBERT GIBBENS IN MONTREAL

PROBLEMS IN European markets, particularly the UK and West Germany, have hit the consolidated earnings of Alcan Aluminium in the first quarter. North American and Australian markets continue strong.

Alcan had consolidated net income of US$82m equal to US$.101 per share for the three months ended March 31 against US$148m or US$1.83 a year earlier and US$125m or US$1.54 in the fourth quarter of 1980.

Earnings have been on a down trend since the first quarter of 1980.

Revenues were US$1.28bn against US$1.29bn a year earlier. Shipments af aluminium in all forms were 396,100 tonnes against 416,800 tonnes and sales of fabricated products were 260,400 tonnes against 280,500 tonnes.

Third-party sales of ingot were 135,700 tonnes against 136,300 tonnes.

Consolidated operations in Europe because of the recession showed a higher loss. The higher value of the U.S. dollar also resulted in an exchange loss.

The company warned at the annual meeting a month ago that conditions in 1981 would be more difficult than in 1980. However, it now says that inventories of metal are relatively low and there are some indications of strengthening in European markets. "If this trend continues, we will be looking for a stronger second half."

Non-trading items leave Federal-Mogul lower

BY OUR FINANCIAL STAFF

FEDERAL-MOGUL, a leading U.S. manufacturer of bearings and other metal products, has reported a decline in first quarter earnings from $9.2m to $8.64m.

Earnings per share came out 4 cents lower at 68 cents, and directors said that these results reflated an 11 cents a share reduction by non-operating factors, including currency charges. Interest costs were also higher at 23 cents a share compared with 10 cents in the opening period of 1980.

Sales for the period were ahead from $173.4m to $209m and the company has forecast that sales for its second quarter will exceed the first quarter level by around 7 per cent. Per share earnings for the second period are also expected to top the 84 cents a share or $10.7m, posted last year.

Federal-Mogul's fortunes are heavily tied to those of the motor industry and with the modest upturn in that industry expected for this year, the company can be expected to show improvement on last year.

For all of last year the company saw its profits decline from $3.31 a share to $2.87 despite an almost 9 per cent increase in sales to $721m. Higher interest costs, the depressed state of the motor industry and strikes were behind the downturn last year.

The company said that during the latest quarter it completed the sale of its Bellumoid gasket operation but this had no impact on financial results.

Air Jamaica in moves to secure its future

BY CANUTE JAMES IN KINGSTON

AIR JAMAICA, in which Air Canada has a 26 per cent share, is to share some of its routes with Air Florida and Lufthansa and has offered for sale a half of its fleet in an effort to cut costs and guarantee its survival.

The airline has also dispensed with routes it has operated over the past three years between the island and the south west of the U.S. It is now concentrating on linking Jamaica with Miami, New York, Toronto, Chicago and Philadelphia.

The moves are aimed at reducing losses which last year were $20m and which are projected at $30m for this year.

Air Florida is taking over Air Jamaica's London route and Lufthansa is operating the Frankfurt route to Miami, from where Air Jamaica will continue the flights to Kingston.

The cutback on routes has left Air Jamaica with spare capacity and it is trying to sell five DC-8s and DC-9s. The airline will keep two DC-8s and four of the more fuel-efficient Boeing 727s.

The small airline's problems have not been unlike those which have faced many of the world's major airlines in recent years, when, although revenues have increased in some cases, costs have grown even more.

The 12-year-old airline has had an uncertain financial history. It earned modest profits up to 1974, then incurred loses of $2m in 1975 and $3.5m in 1976. There was a slight recovery in 1977 and 1978, with profits of about $1m on total revenues of $52m.

But this proved temporary, as since then the company, in which the Jamaican Government has the majority interest, has suffered continuing losses.

Operating expenses last year averaged $310,000 daily, with revenues at $274,000 daily while the number of passengers dropped by 10 per cent to 675,000 for the year.

There was an even larger decline last year in revenue passenger miles, which were 18 per cent less than the 907m of 1979.

The fortunes of Air Jamaica are tied to the fluctuations in the island's tourist industry, which has now taken second place to bauxite as the main foreign currency earner.

The U.S. is the major market, but it was in anticipation of growth in the West European tourist market which originally attracted Air Jamaica to the Frankfurt route.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, May 13.

Closing prices on April 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Au 15¼ 86 (WW)	55	100¾	100¾	−0¼	+0½	15.12
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
Mt. Bk. Dnmk. 9 91 EUA	26	90¾	91½	−0¼	−0¾	10.45
SOFTE 8¾ 89 EUA	40	86	87½	+0¼	+0½	10.81
U. Bk. Nrwy. 9½ 90 EUA	18	97	98¾	−0¼	+0¼	9.91
[illegible]						

DEUTSCHE MARK STRAIGHTS — [illegible]

SWISS FRANC STRAIGHTS — [illegible]

YEN STRAIGHTS — [illegible]

OTHER STRAIGHTS — [illegible]

FLOATING RATE NOTES — [illegible]

CONVERTIBLE BONDS — [illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

AIR PRODUCTS & CHEMICALS	1980-81 $	1979-80 $
Second quarter		
Revenue	413.0m	376.0m
Net profits	38.9m	34.2m
Net per share	1.30	1.21
Six months		
Net profits	69.2m	65.2m
Net per share	2.43	2.30

ALGOMA STEEL	1981 C$	1980 C$
First quarter		
Revenue	335.0m	290.0m
Net profits	38.9m	24.5m
Net per share	2.43	1.85

AMERICAN CAN	1981 $	1980 $
First quarter		
Revenue	1.14bn	1.15bn
Net profits	17.4m	18.3m
Net per share	0.85	0.91

CANADA SAFEWAY	1980 C$	1979 C$
Year		
Revenue	2.71bn	2.32bn
Net profits	68.5m	54.9m

CANNON MILLS	1981 $	1980 $
First quarter		
Revenue	175.6m	162.3m
Net profits	8.0m	7.5m
Net per share	0.85	0.80

CONSOLIDATED FREIGHTWAYS	1981 $	1980 $
First quarter		
Revenue	437.5m	461.0m
Net profits	10.5m	14.9m
Net per share	0.80	1.14

CROWN CORK & SEAL	1981 $	1980 $
First quarter		
Revenue	334.0m	332.1m
Net profits	14.9m	14.8m
Net per share	1.02	0.99

CROWN ZELLERBACH CANADA	1981 $	1980 $
First quarter		
Revenue	159.0m	153.2m
Net profits	9.1m	9.7m
Net per share	1.09	1.17

DENNY'S	1980-81 $	1979-80 $
Third quarter		
Revenue	210.8m	174.2m
Net profits	5.1m	4.2m
Net per share	0.58	0.48
Nine months		
Revenue	624.5m	521.4m
Net profits	18.6m	15.3m
Net per share	2.12	1.76

DONALDSON LUFKIN JENRETTE	1981 $	1980 $
First quarter		
Revenue	139.6m	164.6m
Net profits	2.4m	1.4m
Net per share	0.25	0.16

DRAVO	1981 $	1980 $
First quarter		
Revenue	265.9m	210.6m
Net profits	2.4m	2.1m
Net per share	0.18	0.17

ENSERCH	1981 $	1980 $
First quarter		
Revenue	834.8m	694.7m
Net profits	58.4m	45.3m
Net per share	1.10	0.88

ETHYL CORP.	1981 $	1980 $
First quarter		
Revenue	425.3m	433.6m
Net profits	25.5m	28.5m
Net per share	1.02	1.44

GAF	1981 $	1980 $
First quarter		
Revenue	176.7m	162.0m
Net profits	3.1m	6.5m
Net per share	0.16	0.42

GOULD	1981 $	1980 $
First quarter		
Revenue	429.8m	400.4m
Net profits	15.4m	19.9m
Net per share	0.43	0.58

HARRIS	1980-81 $	1979-80 $
Third quarter		
Revenue	394.7m	336.4m
Net profits	23.7m	20.6m
Net per share	0.76	0.68

HEUBLEIN	1980-81 $	1979-80 $
Third quarter		
Net profits	17.9m	15.6m
Net per share	0.83	0.73
Nine months		
Net profits	67.5m	59.1m
Net per share	3.12	2.76

INA CORP.	1981 $	1980 $
First quarter		
Revenue	1.38bn	1.19bn
Net profits	68.5m	64.3m
Net per share	1.70	1.66

JOHNS-MANVILLE	1981 $	1980 $
First quarter		
Revenue	524.8m	543.3m
Net profits	14.2m	19.1m
Net per share	0.35	0.58

KOPPERS	1981 $	1980 $
First quarter		
Revenue	425.9m	402.9m
Net profits	3.8m	†16,000

† Loss

KROGER	1981 $	1980 $
First quarter		
Revenue	2.46bn	2.19bn
Net profits	18.3m	12.4m
Net per share	0.59	0.45

LOBLAW COMPANIES	1981 C$	1980 C$
First quarter		
Revenue	1.28bn	1.14bn
Net profits	6.2m	5.2m
Net per share	0.14	0.11

MacMILLAN	1981 $	1980 $
First quarter		
Revenue	110.3m	117.1m
Net profits	†1.7m	†1.01m
Net per share	†0.14	†0.09

† Loss

MARTIN MARIETTA	1981 $	1980 $
First quarter		
Revenue	717.5m	567.1m
Net profits	39.7m	34.6m
Net per share	1.59	1.39

MAYTAG	1981 $	1980 $
First quarter		
Revenue	114.6m	97.9m
Net profits	11.8m	10.9m
Net per share	0.83	0.81

MELVILLE CORP.	1981 $	1980 $
First quarter		
Net profits	5.2m	7.2m
Net per share	0.20	0.28

MEREDITH	1981 $	1980 $
Third quarter		
Net profits	6.9m	6.3m
Net per share	2.19	2.01
Nine months		
Net profits	21.3m	17.2m
Net per share	6.77	5.54

MISSOURI PACIFIC	1981 $	1980 $
First quarter		
Revenue	690.8m	606.8m
Net profits	52.5m	40.6m
Net per share	3.40	2.62

NORTHERN TELECOM	1981 C$	1980 C$
First quarter		
Revenue	583.8m	485.5m
Net profits	23.5m	24.3m
Net per share	0.68	0.72

NORTON CO.	1981 $	1980 $
First quarter		
Revenue	327.6m	315.5m
Net profits	18.3m	26.4m
Net per share	1.08	1.61

OLIN	1981 $	1980 $
First quarter		
Revenue	521.7m	478.1m
Net profits	28.4m	22.1m
Net per share	1.18	0.92

PUBLIC SERVICE ELECTRIC	1981 $	1980 $
First quarter		
Revenue	982.9m	757.5m
Net profits	77.4m	59.5m
Net per share	0.86	0.69

QUESTOR	1981 $	1980 $
First quarter		
Net profits	1.38m	†3.33m
Net per share	0.14	†0.35

† Loss

REEVES BROTHERS	1980-81 $	1979-80 $
Third quarter		
Net profits	4.15m	3.78m
Net per share	1.77	1.37
Nine months		
Net profits	12.62m	12.13m
Net per share	5.40	4.97

Strong performance by Moet-Hennessy

BY DAVID WHITE IN PARIS

MOET-HENNESSY, the champagne and brandy group, boosted its earnings by almost 18 per cent last year with partilarly strong growth in champagne and its Dior perfume subsidiary.

The group said that consolidated earnings, which rose to FFr 190.2m ($36.9m) from FFr 161.7m would have been 20 per cent higher if they had included Schieffelin, the U.S. wine and spirits importer which it acquired with effect from the beginning of this year.

The net earnings figure was adjusted so as to exclude provisions made for price increases.

Group turnover soared by 26 per cent to FFr 2.92bn, including a 29 per cent increase in revenue from champagne, which reached FFr 1.35bn. Adjusted net earnings from champagne climbed to FFr 132m from FFr 95m.

Net profits from cognac dropped, however, to Fr 25m from FFr 35m as a result of extra provisions, higher financial charges and a costly promotion campaign. Operating results were roughly stable at FFr 54m on sales which rose to FFr 776m from FFr 616m.

In spite of a 22 per cent rise in perfume sales and a 26 per cent improvement in Dior's results, net earnings from the whole of the group's perfume and cosmetics sector increased by a more modest 15 per cent to FFr 42m, as a result of investments in its other big subsidiary, Roc.

The parent company, which showed a net profit of FFr 59m, compared with FFr 48m in 1979, is proposing to maintain its total gross dividend at FFr 19.50 per share. This is to be paid on equity capital increased by a third, as a result of a one-for-six rights issue— to finance the Shieffelin takeover—and a one-for-seven scrip share issue.

Valmet drops into the red

By Lance Keyworth in Helsinki

VALMET, the Finnish engineering, shipbuilding and defence group, has fallen into the red for 1980 and will not be paying a dividend.

The company described the result as disappointing. Net sales contracted by 8 per cent to FM 2.23bn ($589.1m), *mainly because of the timing* of ship and certain pulp, and paper and woodworking industry machinery deliveries. Consolidated sales fell by 3 per cent to FM 3.14bn. However, if joint ventures are included, net sales rose by 5 per cent to FM 4.9bn.

Mr. Olavi Mattila, chairman and chief executive officer, did not hesitate to label 1980 a difficult year. The loss totalled FM 45.7m after depreciation of FM 63m, which was FM 34m less than the full depreciation permitted by law.

Charles Batchelor looks at the growth of Holland's second largest bank

Rabobank joins majors with U.S. move

TWO RECENT development illustrate the transformation of the *Dutch agricultural co-operative bank,* Rabobank Nederland, into a fully-fledged rival to the joint stock commercial banks. The opening of a large New York office puts the seal on Rabobank's expansion internationally and marks its determination to establish a significant dollar base. At *home, its new office on* Amsterdam's Dam Square, at the heart of the Netherlands' financial capital, symbolises the bank's move from the country to the big city.

The transformation of Rabobank has not been without its problems. Some farmers worry that "their" bank is deserting them for the more lucrative business of the suburban home-owner with a mortgage to finance. Some local managers have watched with trepidation the growth of a large head office organisation in Utrecht and eindhoven which now employs 4,500. New men with little experience of agriculture but with professional banking skills have been brought in at all levels.

The changes have made Rabobank a formidable and successful force on the Dutch banking scene. Rabobank ranks second only to Algemene Bank Nederland with its balance *sheet total of Fl 97.6bn ($42bn).* In terms of profitability — net income as a percentage of assets — it is number nine in the world, far ahead of its nearest Dutch rival.

With almost 3,100 branches throughout the Netherlands, providing a banking monopoly in many small rural communities, it outstrips its nearest rival, Amsterdam-Rotterdam Bank, with only 873 domestic branches. Its 8.3m saving account holders, *with Fl 47.3bn on* deposit in 1980, give Rabobank 42 per cent of the Dutch savings market.

Rabobank Nederland took on its present form in 1972 with the merger of Cooperatieve Centrale Raiffeisenbank and the Cooperatieve Centrale Boerenleenbank. Both banks, covering respectively the north and south of the country, had been set up in 1898 *to implement the self-help* principles of the German agricultural co-operative pioneer, Herr Friedrich Raiffeisen.

The 1970s saw a rapid professionalisation and *internationalisation of what* had been a largely provincial bank. Rabobank now offers the complete range of retail and wholesale banking services, including mortgage lending, insurance, package holidays and export financing.

Rabobank's structure is unique in the Netherlands, though it has many parallels in agricultural co-operative banks throughout Europe, says Mr. Pierre Lardinois, former European Commissioner for Agriculture, who has been chairman of Rabobank since 1977. It consists of 978 affiliated local Rabobanks, many with several branch offices, a central Rabobank where long-term policy is planned, as well as a number of other bank divisions involved in specialised activities, such as mortgage lending. The local banks own the central bank and are paid an annual dividend on its profits. But they in turn are subject to control, on major decisions, by the central Rabobank.

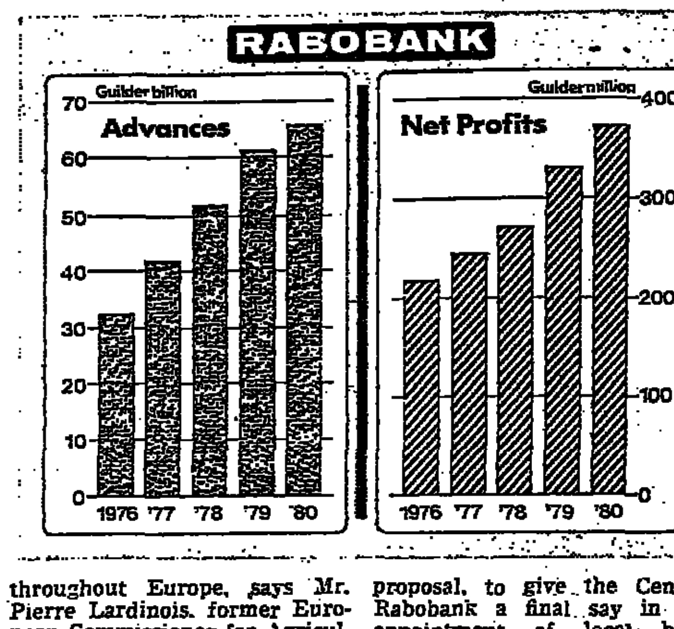
The local banks belong to their members—that is anyone who borrows from the Rabobank—who elect three unpaid part-time governors to assist the manager. Together they decide on such issues as lending policy.

This complex structure would seem to be a recipe for inertia. In fact, claims Mr. Lardinois, Rabobank can move as swiftly as any of its joint stock competitors and is as flexible, as well as being more democratic.

How does decision-making work in practice? The decision to expand abroad provides a good example. The seven-man board of directors of the Central Rabobank launched the idea. It was passed by bank's board of control to the 44 district councils, representing the local banks, who discussed it and came out in favour. Another proposal, to give the Central Rabobank a final say in the appointment of local bank directors, was also accepted by the districts, but by a majority of only 60 per cent. The board of directors judged this to be too fine a margin and decided against going ahead.

"The districts only have an advisory function and if they say 'no' we could still proceed," says Mr. Lardinois. "But if a large minority is opposed we will not. We strive for consensus."

In spite of the growth of non-agricultural lending and the international expansion, the farming community remains the foundation of Rabobank's activities. Farm lending accounted for only 36 per cent of new loans in 1980 and for 35 per cent of the cumulative *loan portfolio. But its share of* the bank's commercial credit activities is about two-thirds. The large volume of home lending—Rabobank is the largest mortgage lender in the Netherlands—distorts the picture, the bank claims.



How does Rabobank achieve its strong profitability? Net profit rose 13 per cent to Fl 373m ($154m) in 1980, in absolute terms the largest profit earned by any Dutch bank. The bank's large saving deposit base, providing relatively cheap funds cushioned from the wilder swings of the money market, is an undoubted advantage. Profits made from savings deposits bring fiscal advantages. They incur a 36 per cent rate of corporation tax, compared with the commercial bank's 48 per cent.

This more than compensates for the brake applied to Rabo*bank's activities by its* co-operative principles. Local managers will often not charge the top rate for loans to customers. The central Rabobank advises managers on rates to be charged but they are not obliged to accept this advice and sometimes do not. A buffer is provided by the local Rabobank's policy of charging variable rates of interest to borrowers. Most mortgages in the Netherlands are granted at a fixed rate of interest for periods of up to five years. The Rabobank idea of charging variable rates dates from the time when many local managers were financially unsophisticated farmers. A variable rate made for easier banking, says Mr. Lardinois.

Rabobank is also helped by its unassailable position in many villages and small towns, where it often has 95 per cent of local banking business. A rival setting up would probably need at least 20 years to build up enough business to be profitable. Rabobank's move into the cities on the whole has been successful despite the tough competition from established banks.

Its development abroad has brought with it a name change—to Rabobank Nederland from Centrale Rabobank—to emphasise its Dutchness and to avoid confusion with the Netherlands Central Bank.

Expansion has been rapid—*so rapid that Rabomerica,* a joint venture set up with Bank of America in the early 1970s, soon found itself made redundant by the growth of Rabobank's own foreign operations.

Dr. Pierre Lardinois: "Flexible and more democratic"

The desire for closer links with other European co-operative organisations led to the establishment of the Amsterdam-based Unico Banking Group in 1977. Unico has presided over a rapid growth in business between the affiliated banks in the Netherlands, Denmark, France, West Germany, Austria and Finland.

The New York branch office *follows on the opening of own* branches in Frankfurt and on Curacao. Apart from giving access to dollar funds—Rabobank is now seeking a rating for the issue of commercial paper in the U.S.—New York could be the first link in a chain of Rabobank offices across the U.S. If it is successful Rabobank is thinking of establishing other branches near potential agricultural customers in the mid-west, California and Florida. This would open up a new market, financing agricultural imports into the Netherlands.

Rabobank's foreign business amounts to a modest 11 per cent of its balance sheet total and is expanding by one percentage point a year. But excluding the *local Rabobanks, foreign* business accounts for a third of the balance sheet of the Central Rabobank organisation.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	21.4.81	14.4.81	AVERAGE YIELD	21.4.81	14.4.81
DM Bonds	89.50	89.47	DM Bonds	9.908	9.910
HFL Bonds & Notes	92.99	92.91	HFL Bonds & Notes	10.691	10.698
U.S. $ Strt. Bonds	84.63	85.04	U.S. $ Strt. Bonds	13.205	13.111
Can. Dollar Bonds	87.68	87.67	Can. Dollar Bonds	12.912	12.878

Earnings recovery at Fischer

By Our Financial Staff

PROFITS at Georg Fischer, the Swiss engineering group, recovered for 1980, rising by a third to SwFr 16m ($8m) after tax. The dividend is being held at 5 per cent.

Fischer, however, regards the results as unsatisfactory with stiff competition keeping selling prices in check and not allowing adequate compensation for increases in wage and raw material costs. In 1977, net earnings totalled SwFr 20m.

Sales last year rose to SwFr 1.72bn, a gain of 16 per cent, with the parent company contributing SwFr 781m

Special gains cut Kleber losses

BY TERRY DODSWORTH IN PARIS

KLEBER - COLOMBES, the stricken French tyre company which is now being taken over by the Michelin group, reduced its consolidated losses substantially last year after selling-off a number of its assets.

The results show a loss of FFr 78.6m ($16m) compared with *FFr 103.5m in 1979,* achieved on a turnover which rose by only 8.9 per cent to FFr 2.8bn.

But yesterday's statement also indicated the depth of the problems facing the company. The losses figure was only reached after taking into account FFr 148.3m worth of exceptional profits realised by asset sales. The depreciation charge came to FFr 107.6m.

Following several years of gradually accelerating decline, Kleber was particularly hard hit last year by the rise in raw *material prices and the slump in* the French vehicle market. This was accentuated by a series of vigorous attacks on the quality of its tyres by consumer organisations, which led the company into a series of legal disputes.

Kleber's majority shareholder, Michelin, has now stepped in with a rescue plan for the smaller company by promising to underwrite a FFr 505m rights issue which will be floated on May 4.

This issue is expected to raise a net amount of about FFr 300m following the repayment of outstanding loans to Michelin, while increasing the parent group's stake to about 90 per cent.

In effect, however, Michelin is already running Kleber after appointing one of its own senior managers, M. Lucien Male, as chief executive.

Gist-Brocades opens year on strong note

By Charles Batchelor in Amsterdam

GIST-BROCADES, the Dutch biochemicals group, reported higher profits and sales in the opening months of 1981 and said it expects this improvement to be maintained for the rest of the year.

Net profit rose 5 per cent in 1980 to Fl 24.2m ($10m) on sales 12 per cent higher at Fl 1.36bn ($560m).

Profits and sales of the industrial products division improved last year due both to increased prices and higher *volume sales, the company* said in its annual report.

Profits of the pharmaceuticals division fell, however, in spite of the 13 per cent rise in turnover.

It is switching its research and development effort, which cost Fl 6m last year, away from medicines and towards bio-technological products.

Gist proposes increasing its dividend to Fl 2.30 per Fl 10 nominal share from Fl 2.0 in 1979. Payment may be taken in cash or as one new share for every 20 held.

Skanska Cement raises payout

BY WESTERLY CHRISTNER IN STOCKHOLM

SHARPLY HIGHER profits and an increase in dividend are reported for 1980 by Skanska Cement, Sweden's largest construction group.

On sales SKr 1.65bn higher at SKr 10.3bn, profits before tax of SKr 610m ($130m) have been returned, an increase of SKr 174m over the 1979 result.

The dividend is going up from SKr 11 a share to SKr 14—at a cost to the company of SKr 57.2m—and the directors also recommend a scrip issue, this time on a two-for-three basis in contrast to the one-for-two of 1979.

Trading in Skanska shares on the Stockholm stock exchange has been heavy this week, with Wednesday's closing share price reaching SKr 670 — SKr 10 higher than the day before.

For 1981 as a whole management predicts that the pre-tax profit will not fall below 1980's level, but makes reservations for changes in domestic interest rates. Investments in real property are forecast to "improve somewhat."

Skanska is among the largest private real property owners in Sweden. Net financial charges more than doubled during 1980, to SKr 233m.

The pre-tax profit outcome for last year beat management's October forecast by some SKr 74m, and the turnover estimate by SKr 500m. During 1980 SKr 2.63bn of the consolidated sales total was generated in markets abroad, a gain of SKr 246m from the previous year.

The company said yesterday *that it hopes to complete at least* two major *foreign* construction projects during the current year.

Take stock market profits, urges WestLB

By Our Financial Staff

THE CURRENT buoyancy of the West German stock market should be used as an opportunity for taking profits rather than for further investment, Westdeutsche Landesbank Girozentrale says in its latest bourse survey.

The present strength of share prices is no more than a technical reaction after a long, lean period, and should be used for "spring cleaning" portfolios.

Westdeutsche advises caution *following a rise of 7½ per cent* by the Commerzbank index since mid-February.

Downturn at IBM Australia

BY OUR SYDNEY CORRESPONDENT

IBM AUSTRALIA, *subsidiary* of the U.S. group and Australia's largest computer company, incurred a profits fall from A$19.1m to A$17.9m (US$20.6m) for 1980, although the directors said the decline was the result of a change in its accountancy procedure.

Sales jumped 18 per cent, from A$222.2m to A$261.7m (US$300.8m), reflecting the continuing growth of the computer *business in Australia.*

An abnormal change of A$3.8m against profit after tax resulted from the accounting for depreciation of rental machines had resulted in an abnormal charge against profits after tax of A$3.8m. Without this charge the profit after tax would have shown an increase of 14 per cent.

The company previously allowed a 25 per cent a year depreciation on rental machines over four years, but has now changed this period to five years, with a 33.3 per cent depreciation in the first 12 months.

"Demand for the company's products remains strong, and the current backlog of orders is significantly higher than in any previous year," Mr. Allen Moyes, the chairman, said yesterday. The dividend fell from A$15m in 1979 to A$12.3m.

ASEA and Electrolux plan robot merger

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

ASEA, THE Swedish electrical engineering group, is reinforcing its position as Europe's leading manufacturer of industrial robots by taking over the robot operation of Electrolux, the household appliances group. The takeover is in the final stages of negotiation and is scheduled to take place on May 1.

Both ASEA and Electrolux belong to the Swedish industrial group dominated by Dr. Marcus Wallenberg and Skandinaviska Enskilda Banken. The robot merger could be part of a deeper co-ordination of the two group's activities.

ASEA owns 22 per cent of the Electrolux stock and holds 49 per cent of the voting rights. The financial details of the robot merger have not been disclosed but ASEA stated in a communique that it would form the basis for swifter international expansion.

Electrolux's pneumatic material handlings robots will complement the more sophisticated electrical processing machines produced by ASEA. So far Electrolux has sold more than 400 robots and this year expects to market between 120 and 140, valued at between SKr 15m and SKr 20m, of which about half would go to export.

ASEA recently turned its own robot operation into an independent unit and expanded production capacity at its Vesteraas headquarters to 700 machines a year. It has already sold over 800 robots and expects to produce about 600 this year for a budgeted turnover of about SKr 200m ($42.5m). More than 80 per cent are marketed outside Sweden.

It has just announced orders for 105 robots worth SKr 35m from two West German carmakers, Daimler Benz and BMW, which Björn Weichbrodt, general manager, described as a breakthrough into the West German car market.

In June ASEA will open a servicing and training facility at Detroit in the U.S. The merger of its robot operation with that of Electrolux will, it hopes, give it a dominant world position in factory automation.

ASEA currently produces two robots, one with a 6 kg carrying capacity, the other with a 60 kg capacity. They are used mainly for arc welding and spot welding.

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Foreign banks in Japan face loan curb

By Richard C. Hanson in Tokyo

FOREIGN BANKS in Japan are to be subject ot the same limits on lending to individual customers as Japanese banks, according to a draft of the new bank law submitted to the Diet (Parliament) this week.

This threatens the foreign banks with their being limited to lending up to 20 per cent of their parent company's capital to a single borrower in Japan. The regulation will take effect five years after the Bill is enacted, and a final decision on the limit will be made later.

The limit is much less rigorous than similar restrictions in the U.S. where banks can lend only 10 per cent of their equity to a single borrower, and it is not expected to set problems for the banks.

● Jardine Fleming Securities of Hong Kong is to open a branch office in Tokyo on May 1, subject to Japanese Finance Ministry approval, the Japan Securities Dealers Association announced.

Tongaat earnings advance despite sugar setback

BY DES KILALEA IN JOHANNESBURG

TONGAAT, the South African group, operations of which range from sugar production to textiles, foods and building materials, has reported an increase of 66 per cent in attributable profit from R16.88m to R27.98m ($34.5m) for the year to March. Earnings per share advanced by 58 per cent to 101 cents a share and the company has lifted the total dividend by 35 per cent to 33.6 cents, against 24.9 cents, adjusting for a one-for-four scrip issue.

The main contributor to profit was the 74.3 per cent owned listed subsidiary, Tongaat Corogroup, where earnings from the building materials industry more than doubled to R16.4m in the year. South Africa's largest brick producer, Toncoro, was responsible for 44 per cent against 32 per cent of Tongaat's taxed earnings or 44 cents against 21 cents. For the coming year the company is confident that building materials, notably bricks, will continue to provide solid profit growth.

Tongaat's sugar division, which some years ago was the mainstay of group profit, produced lower earnings in 1980-1981, as the national crop was severely affected by drought. Tongaat's own production was cut from 218,000 tonnes of sugar to 141,000 tonnes, and the profit contribution fell from 31 per cent to below 20 per cent of the group total.

Ahead of the sugar drought, Tongaat had embarked on an extensive acquisition programme, which included the addition of the listed company, Hebox, to the textiles division and H. Lewis and Natal Oil to the foods and feeds division. Both these divisions showed substantial growth and are expected to continue improving as part of the group's overall target of maintaining an annual average earnings growth of 25 per cent until the end of 1983.

* * *

ALLIED TECHNOLOGIES (Altech), the fast-growing South African electronics company, increased pre-tax profit by 41.6 per cent, to R21.4m ($26.4m) in the year to February compared with R15.1m in 1979-80. Turnover was 37.6 per cent higher at R122m, against R89.7m.

The company is confident that high growth will continue for several years, but funding needs have led management to revise its dividend policy. In the past, some 40 per cent of earnings have been distributed, but this has been reduced to 35 per cent and is set to fall further this year.

The dividend total is 50 cents from earnings per share of 145 cents compared with 40 cents from earnings of 100.4 cents in 1979-80.

Altech is confident that it can continue to grow during the 1980s even if acquisition possibilities do not arise. Considerable emphasis has been placed on the development of new electronics systems and products and the group says it has clearly identified those markets which promise expanding sales and high returns.

Exports lift Alliance Tire and Rubber

By L. Daniel in Tel Aviv

ALLIANCE TIRE and Rubber Company, Israel's sole tyre manufacturer, reports that its after tax profits for 1980 came to Sh 29.4m ($3.2m), as compared with Sh 13.7m.

The gain of 115 per cent thus lagged behind last year's inflation rate of 132 per cent. Sales increased by 130.6 per cent to Sh 478.8m. The company plans to make a 10 per cent scrip issue, as in 1979.

Alliance, which exports most of its output to 50 countries, including the U.S., where its shares are listed on the American Stock Exchange, is satisfied with the results "in view of economic conditions in Israel and overseas."

The company indicated that local sales had declined significantly but that exports expanded.

Profits ahead at Keck Seng

By Wong Sulong in Kuala Lumpur

KECK SENG, the Johore-based plantation group, raised its net profits by 30 per cent in the year to December, to 10.2m ringgit (U.S.$4.4m), despite poor commodity prices, which eroded margins. Turnover increased by 77 per cent to 85m ringgit (U.S.$36.5m).

The final dividend is 7.5 cents, making a total of 17.5 cents for the year, or 5 cents more than previously.

ASIAN DEVELOPMENT BANK FUNDING

Anxiety over Reagan aid policy

BY RICHARD COWPER, RECENTLY IN MANILA

THE Asian Development Bank, aware of the urgent need for funds, is keeping an anxious eye on President Reagan's conservative aid policies as it prepares for its annual meeting.

The ADB is a crucial source of multilateral aid for developing countries in Asia. It has provided development assistance for 14 years, yet it is now close to running out of money.

There are growing fears that President Reagan's view of multilateral aid (he is said greatly to prefer bilateral aid, which can be more easily matched with U.S. foreign policy) could hit badly the Bank's proposed aid programme for the rest of the decade.

The Bank's Asian Development Fund (ADF) is it most vulnerable sector. This is the source of interest free loans for the Bank's poorest members, like Bangladesh, Sri Lanka and Pakistan. This fund will have to be replenished by the end of this year if aid programmes are to escape pruning.

The management of the ADB is convinced that members' needs demand an increase in development loans of around 10 per cent in real terms from 1983 onwards. The bank sees the need for an increase in commitments from its members of around $4.5bn for the ADF, and an increase of around $11bn in its share capital, which underwrites its ordinary capital account.

ADB projections indicate that the external resource requirements of the Bank's developing member countries will rise from $27bn in 1980 to $50bn by 1987, in current prices, and they are expected to top the $60bn-mark by the end of the decade. Much of this will be needed to pay for imported energy needs.

Resources and Finances

	1976	1977	1978	1979	1980
			U.S.$m		
Authorised capital	3,707	8,711	9,407	9,512	9,209
Subscribed capital	3,688	6,961	8,741	8,861	8,828
Gross borrowings	529	177	390	348	458
Outstanding debt	1,084	1,205	1,610	1,777	1,872
Gross income	128.3	168.6	213.2	260.8	309.6
Special fund resources	931.9	1,285.2	1,486.7	2,065.4	2,916.1

Source: Asian Development Bank

The Bank fears that, given the current recessionary climate and what it refers to as "aid fatigue" among some donor countries, it will not be able to persuade its members to approve such a large increase. In particular the Bank's executives point to the U.S. and the UK.

One of the Bank's western country directors says: "Most of our developed countries have indicated that they would go along with the management targets. But the U.S. and the UK both appear to be taking a hard line — less aid in general, and a larger proportion going in the form of bilateral — this would really hurt us."

Most ADB directors agree that if the U.S. pulls back other member countries would not be prepared to take up the slack and the Bank could not meet its targets. Japan, the largest donor, has made it clear that it is not prepared substantially to increase its already high share in the funding.

The replenishment of the ADF is the most pressing financial need for the ADB, and the one which makes the heaviest cash demands on developed countries. The fund's last replenishment, known as ADF III, was made in 1978 when, after some haggling, members came up with $2.15bn to be paid in over the four years starting in 1979. This fund will have run out by the end of next year, and, for planning purposes, agreement on the next replenishment needs to be made by the end of this year.

The management target is for commitments of $4.5bn to be paid by the developed country members in four equal instalments.

For the U.S. this would mean an increase from the $111.25m per annum under ADF III to $253.12m per annum for ADF IV.

If the U.S. digs in its heels, as it looks set to do, there is little that the bank itself can do except to cut back its programme. New concessional lending would have to stop at the end of next year.

WORLD STOCK MARKETS

Upturn on Wall St by midday

STOCKS RETURNED somewhat higher in moderate trading by midsession on Wall Street yesterday. Airlines, Vehicles, Brokerage and some Defence issues led the upturn, but Oils continued weak.

The Dow Jones Industrial Average added 2.3 to 1,008.29 and advances led declines by about seven to six on a volume of 27m shares. The NYSE All Common Index firmed 0.16 to 77.62 by noon.

Analysts said the profit-taking which sent prices lower on Tuesday appeared to have abated. Takeover speculation, moderating world oil prices and corporate profit reports dominated investor motivation.

American Airlines headed the actives list on turnover exceeding 1m shares, and added $1⅝.

In the Brokerage group, Dean Witter gained $1⅜ to $28⅜, E. F. Hutton $3⅛ to $37⅞, Merrill Lynch $⅞ to $40⅜, A. G. Edwards $1⅜ to $27⅞ and Donaldson Lufkin $⅜ to $11.

Active Shearson Loeb Rhoades advanced $3⅜ to $52 while heavily traded American Express rose $3 to $43⅜. On Tuesday Amex dropped $2⅜ but Shearson rose $6⅞ on news of a planned merger.

Texas International was one of the few Oils to gain, $2⅞ to $33⅞. Its well in Fayette County, Texas, test-flowed at 447 barrels of oil and 3.1m cubic feet of gas a day.

THE AMERICAN SE Market Value Index eased 0.41 to 361.06 by noon on a volume of 3.72m shares.

Canada

Markets firmed in active early trading. The Toronto Composite Index was up 3.3 points by noon on volume of 3.73m shares, but the 187 advances barely outnumbered the 185 declines.

The Golds Index jumped 52.0 as the London price moved to the $500 mark. Dome Mines rose C$1⅞ to C$106⅞, while Campbell Redlake was up C$⅞ at C$64⅞.

The Oil and Gas Index fell 11.3 in advance of the expected announcement of Federal Government rules to measure the extent of Canadian ownership in energy companies.

However, active Gulf Canada was up C$⅛ to C$25⅞ on 82,174 shares while Noranda Mines gained C$⅜ to C$33 on 67,485 shares.

Alcan, which reported lower first quarter earnings and forecast difficult operations in the 1981 first half, lost C$⅜ to C$43⅜.

Loblaw was unchanged at C$8 after filing for a 3.4m share sale of common.

In Montreal the Combined Index firmed 0.09 to 369.18 and the Industrials 0.14 to 394.54.

Closing prices for North America were not available for this edition.

Johannesburg

Gold closed higher in line with the bullion price. Goldfields of SA group's West Driefontein was up R7.50 at R92 and East Driefontein up 50 cents at R33.25 following Tuesday's merger announcement, while in Mining Financials GFSA itself added R6.50 to R87.50.

Among Coals, new listing McAlpine featured in brisk trading, closing at its R4.50 opening. In Diamonds, De Beers added 10 cents to R9.30.

Platinums firmed where traded, with Rustenburg Platinum firming 10 cents to R5.85.

Industrials closed quietly firm, though Retailer OK Bazaars shed shed 25 cents to R18.25.

Tokyo

Vehicles, Heavy Electric Machines and other populars led a further rise on revived foreign demand.

The Nikkei-Dow Jones Market Average gained 35.86 to 7,533.22, close to the all-time high of 7,536.96 recorded 10 days ago. Trading was active with a volume of 830m shares. The Tokyo New SE Index rose 5.05 to 553.75, a 1981 high.

Toyota Motor and Nissan Motor rose Y100 each to Y1,120 and Y864 respectively on active buying by foreign investors, encouraging other Blue Chips.

Steels, Insurers, Light Electricals and Securities companies were also higher, but Natural Resources fell after Oil issues were sold on Wall Street overnight.

Matsushita Electrical rose Y60 to Y1,390, Tokio Marine Insurance Y53 to Y772, Nippon Steel Y2 to Y206, Hitachi Y21 to Y530, Nomura Securities Y14 to Y519 and Dai Nippon Printing Y25 to Y766.

The second market was lower.

Hong Kong

Share prices eased slightly, with the Hang Seng Index losing 8.0 to 1344.94.

Among the Hongs, Hutchison Whampoa fell 20 cents to HK$15.20, Jardine Matheson 10 cents to HK$21 and Swire Pacific was unchanged at HK$13.50.

Elsewhere, Cheung Kong slid 25 cents to HK$30.50 and Hong Kong Electric five cents to HK$7.25.

Turnover on the four exchanges was HK$147.66m (HK$160.62m).

Singapore

Prices fluctuated throughout the day on bouts of profit-taking and buying support in active trading, but the Straits Times Index rose a further 0.18 to its third consecutive record at 850.71.

UOB gained 50 cents to S$7.

Germany

Frankfurt share prices firmed in late trading after a steady start, with the Commerzbank Index up 1.50 to 719.0.

Banks benefited with Deutsche adding DM 2.50 to DM 293. Stores were also favoured: Kaufhof gained DM 2 on the day after opening DM 1 down on Tuesday's close.

Among Vehicles, Daimler Benz closed DM 1.5 better at DM 303.50, but off its high of DM 305. Late enthusiasm pushed Volkswagen up DM 2.70 to DM 165.30, but BMW eased 50 pfg to DM 179.50.

On the Domestic Bond market Public Authorities tended firmer. D-mark Eurobonds were fractionally easier.

Paris

Bourse prices firmed in active trading ahead of the first round in the French presidential election this weekend.

Among firm Constructions, Bouygues rose sharply, FFr 63 up to FFr 759, after a brief suspension was lifted. On Tuesday the company signed contracts for its part in the $1.7bn Riyadh University development.

In Electricals, CGE put on FFr 15.10 to FFr 415.

Australia

The Sydney market finished mixed to easier as many overseas buyers withdrew. The All Ordinaries Index fell 0.2 to 726.0 but Industrials continued firmly underpinned and that sector's index rose 1.1 to a record 754.9—more than 100 points above the 1981 low on February 2.

BHP fell 20 cents to A$14.80, CSR was steady at A$7.10, CRA fell 5 cents to A$4.80, MIM firmed the same amount to A$4.80 and Western Mining shed 10 cents to A$5.46.

Oils were little changed but Santos slipped 10 cents to A$20.50 in spite of news of a big gas flow at the Yepani No. 1 well near Moomba, while Woodside firmed 2 cents to A$2.67.

The Oil and Gas Index firmed 1.2 to 991.6 and Metals and Minerals 0.4 to 630.2.

In Melbourne, leading Industrials and Heavyweight Miners were most favoured when trading resumed after Easter but, while rises outnumbered falls, many gains represented a lining-up with Tuesday's firm Sydney market, brokers said.

Banks continued to attract moderate buying and CBA added 20 cents to A$3.85, CBC 5 cents to A$4 and Bank of NSW 8 cents to A$3.48.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

HONG KONG

SINGAPORE

SOUTH AFRICA

BRAZIL

Financial Rand US$0.89½ (Discount of 27%)

Indices

NEW YORK —DOW JONES

	Apr. 21	April 20	Apr. 16	Apr. 15	Apr. 14	Apr. 13	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	1005.9	1015.94	1005.56	1001.7	989.10	985.16	1015.94 (20/4)	931.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	60.86	61.14	60.94	60.84	60.79	61.09	65.78 (15/1)	60.79 (14/4)	—	—
Transport.	459.02	444.84	447.56	446.59	437.62	439.26	447.38 (16/4)	379.19 (20/2)	447.38 (16/4/81)	12.25 (8/7/32)
Utilities	107.09	107.24	107.16	106.52	105.54	106.14	117.81 (6/1)	105.54 (14/4)	165.52 (20/4/69)	16.5 (28/4/42)
Trading Vol 000's	60,280	51,020	52,850	58,040	48,350	50 230	—	—	—	—

◆Day's high 1020.98 low 1001.44

Ind. div. yield %	Apr. 20	Apr. 10	Apr. 3	Year ago (approx
	5.51	5.54	5.50	6.30

STANDARD AND POORS

	Apr. 21	April 20	Apr. 16	Apr. 15	Apr. 14	Apr. 13	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	152.04	154.34	152.62	152.58	151.80	150.78	157.02 (6/1)	145.75 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
§Composite	134.23	136.26	134.70	134.79	134.05	133.16	138.12 (6/1)	126.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	April 15	April 8	Apr. 1	Year ago (approx
Ind. div. yield %	4.56	4.55	4.47	5.74
Ind. P/E Ratio	10.59	9.46	9.64	7.14
Long Gov. Bond Yield	13.07	12.94	12.46	11.64

N.Y.S.E. ALL COMMON

Apr. 21	Apr. 20	Apr. 16	Apr. 15	1981 High	1981 Low
77.46	78.17	77.76	77.46	79.14 (6/1)	72.45 (20/2)

Rises and Falls	Apr. 21	Apr. 20	Apr. 16
Issues Traded	1,900	1,916	1,893
Rises	621	821	934
Falls	911	754	606
Unchanged	368	350	353
New Highs	146	158	—
New Lows	20	23	—

MONTREAL

	Apr. 21	Apr. 20	Apr. 16	Apr. 15	1981 High	1981 Low
Industrials	394.53	396.71	396.27	392.77	399.53 (10/4)	358.26 (20/2)
Combined	369.09	370.35	370.30	367.58	373.69 (2/4)	339.34 (20/2)
TORONTO Composite	2331.45	2354.37	2355.2	2338.07	2378.9 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Am. Express	1,300,600	40⅜	−2⅛	Black Dec.	507,400	19	+ ¼
IBM	734,800	60⅝	−1	Sony	501,400	17½	—
Dow Chemical	603,000	35¾	− ⅝	Shearson Loeb	499,600	48⅝	+6⅞
Warner-Lam	587,500	22⅝	− ½	City Invest.	471,900	28⅝	+1⅝
Atl. Richfield	509,500	45⅝	−1⅛	Nat. Semi	464,900	34¾	+ ⅝

	Apr. 22	Apr. 21	Apr. 20	Apr. 16	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	726.0	726.2	(c)	719.6	757.3 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	630.2	628.8	(c)	617.1	735.2 (7/1)	554.9 (3/3)
AUSTRIA						
Credit Aktien (2/1/62)	61.76	65.65	(c)	61.64	58.45 (5/1)	61.94 (9/4)
BELGIUM						
Belgian SE (31/12/63)	90.47	91.29	(c)	90.95	98.15 (17/2)	90.47 (22/4)
DENMARK						
Copenhagen SE (1/1/73)	107.98	108.16	(c)	(c)	109.25 (6/4)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	111.1	108.2	(c)	108.2	112.5 (17/3)	105.1 (29/1)
Ind Tendance (31/12/80)	104.1	101.5	(c)	100.9	106.8 (13/3)	95.4 (27/1)
GERMANY						
FAZ-Aktien (31/12/58)	233.09	232.45	(c)	231.0	232.99 (15/4)	215.98 (6/2)
Commerzbank(Dec. 1953)	719.0	717.5	(c)	714.3	720.0 (15/4)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	90.8	91.0	(c)	89.3	91.0 (21/4)	85.7 (2/1)
ANP-CBS Indust. (1970)	70.2	69.9	(c)	69.3	70.2 (22/4)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1344.94	1352.94	(c)	1369.3	1650.82 (4/2)	1295.44 (11/3)
ITALY						
Banca Comm. Ital (1972)	262.55	263.21	(c)	247.35	265.21 (21/4)	173.56 (6/1)
JAPAN						
Dow Average (16/5/49)	7533.22	7497.36	7484.71	7418.7	7536.98 (13/4)	6956.52 (15/3)
Tokyo New SE (4/1/68)	553.75	548.70	546.77	541.2	553.75 (22/4)	495.73 (5/1)
NORWAY						
Oslo SE (1/1/72)	120.22	118.88	(c)	(c)	124.16 (6/3)	116.22 (13/2)
SINGAPORE						
Straits Times (1966)	850.71	850.53	843.84	851.6	850.71 (22/4)	659.52 (2/1)
SOUTH AFRICA						
Gold (1958)	—	847.0	(c)	845.2	797.8 (7/1)	661.5 (6/3)
Industrial (1958)	—	823.2	(c)	817.7	823.2 (21/4)	537.2 (6/2)
SPAIN						
Madrid SE (30/12/80)	115.60	115.40	(c)	(c)	114.26 (17/2)	100.48 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	489.80	489.75	(c)	485.5	495.61 (25/3)	404.17 (20/1)
SWITZERLAND						
Swiss BankCpn.(31/12/58)	298.2	299.5	(c)	289.8	304.2 (2/4)	287.0 (13/2)
WORLD						
Capital Intl. (1/1/70)	—	158.4	158.7	157.6	162.8 (6/1)	149.9 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities. 40 Financials and 20 Transports. (c) Closed.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights.

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COMMODITIES AND AGRICULTURE

Strong £ blamed for fish crisis

By Our Commodities Staff

THE STRENGTH of sterling and the high UK inflation rate—not subsidised foreign competition—are the main reasons for the low quayside fish prices which have hit British fishermen's earnings, a Ministry of Agriculture inquiry has decided.

The committee of inquiry was set up two months ago by Mr. Peter Walker, the Agriculture and Fisheries Minister, following a nationwide strike by inshore fishermen in protest at foreign "dumping" of fish at prices they could not match profitably.

They claimed illegal government subsidies were being paid to Continental fishermen.

But the committee, whose report will be presented to the Minister soon, has found no evidence to support these allegations. It says exchange rates and increasing costs rather than any unfair or illegal activity by exporters to the UK are responsible for the problems.

The committee's findings are unlikely to satisfy the fishermen. One industry leader said yesterday that it was always clear that the allegations were incapable of being proven without powers to carry the investigation into the countries where the irregularities were occurring. He doubted that the committee had got to the bottom of the problem.

USSR in $1bn meat deal with Argentina

MOSCOW—Argentina and the Soviet Union yesterday signed a five-year agreement on sales of Argentinian beef to Moscow worth about $1bn.

The agreement signed by Soviet foreign trade minister Nikolai Patolichev and Argentine ambassador Leopoldo Bravo, is one of the biggest meat supply deals yet concluded between two countries.

It provided for a minimum sale of 60,000 tonnes and a maximum of 100,000 tonnes of boneless beef to the Soviet Union yearly from 1981 to 1985, the sources added.

The deal was believed to be the first such agreement signed by the Soviet Union, currently suffering from meat shortages and poor harvests.

Bacon shortage next week as Danish supplies dwindle

BY RICHARD MOONEY

SUPPLIES OF BACON for the British market will begin to run low next week as the strike-hit Danish industry, which normally accounts for around 42 per cent of British consumption, runs out of stocks.

Danish slaughterhouse workers stopped work yesterday following the failure of talks over the weekend to reach a new pay deal. Their action will halt shipments of all bacon, beef and veal, which account for 15 per cent of Denmark's total exports.

ESS-Food, the company which imports Danish bacon into Britain, said there was no sign of an early resolution of the dispute, which stems from the workers' rejection of a deal accepted by their union leaders. Production of pigmeat was abandoned before the Easter holiday, the company said. Supplies from stock should be sufficient for this week but availability will be sharply reduced next week and if the strike continues will dry up altogether after that. Danish bacon supplies to Britain have averaged 3,800 tonnes a week so far this year.

"There is no way other supplies can make up the shortfall," a company official said. He estimated it would take eight or nine days after the slaughtermen returned to work before supplies would be back to normal.

Apart from the 42 per cent supplied by the Danes about 41 per cent of British bacon consumption comes from home production. The rest comes mainly from the Netherlands, Ireland and Ulster.

FMC, Britain's biggest curer, said yesterday it would do everything in its power to fill the gap, though preference would be given to its regular customers. "But we cannot conjure bacon pigs out of thin air." a company spokesman said.

More than three-quarters of British pig meat production is consumed as pork and since the pork market has been weak recently there may be scope, given some firming in the bacon price, for some of this meat to be switched to bacon production, though not all of it is suitable. A limiting factor, however, is British curing capacity, which has been reduced in the face of Danish competition.

The first effects of the deteriorating supply situation will begin to be felt on the retail market next week. The first-hand price of British bacon has been raised by £30 a tonne, bringing it up to the Danish level, and this move is likely to be followed by Irish and Ulster curers. Over a whole side of bacon this works out at about 1½p a lb, but the rise is likely to be concentrated on gammons and fore-end joints which have been firmer than rashers in recent weeks.

U.S. options scheme reconsidered

BY NANCY DUNNE IN WASHINGTON

A PROPOSAL rejected by the Commodities Futures Trading Commission in 1979 to initiate a pilot commodity futures options programme is now once again under consideration.

The CFTC Tuesday voted to consider, on an "expedited basis" the sale of futures options for sugar, gold and interest rate futures. The Commission has instructed its staff to propose changes in regulations rejected two years ago. At the same time it noted that a programme with few revisions could be instituted relatively quickly.

The pilot programme failed initially when the four Commissioners could not agree on oversight regulations. Since then, there has been a change in thinking.

Commissioner David Garner, who opposed the proposal on the grounds that the Commission did not have the resources to oversee the programme, has apparently reconsidered his stand.

More and more the commission is moving towards the role of overseer, leaving greater regulatory responsibilities to the exchanges. The likely approval soon of a National Futures Association, an industry organisation which will take over some of the Commission's functions, would add additional resources for the policing of an options programme.

Also nearing approval are CFTC regulations for the registration, fingerprinting and administration of proficiency examinations for associated persons (AP's). It is felt that these new restrictions would lessen opportunity for option swindles, making approval of the programme to spur futures' growth more acceptable than it has been in the past.

The Reagan Administration is reportedly considering appointing a woman to the vacant fifth commissioner post. Among those under consideration are Susan Wagner, assistant U.S. controller-General, Sue Philips, an economics professor at the University of Iowa, Sandy Sturgis, a former CFTC staff member and Chris Carter.

Straddle trading curb

WASHINGTON. — The Commodity Futures Trading Commission decided that Commodity Exchange Inc. should restrict straddle trading in silver futures contracts to regular market hours, because a session now used by the exchange detracts from market competitiveness.

By Tuesday's action, the commission unanimously disapproved Comex rules authorising a straddle call session conducted after regular hours. The rules authorise straddle trading during the session in silver and gold only.

Comex now conducts such a session in silver futures contracts, but does not conduct one in gold futures contracts.

Although commission staffs said their opposition to Comex's straddle call session has no implications for tax avoidance schemes, Mr. James Stone, the chairman said the session is used for tax avoidance purposes.

Mr. Stone said be thinks the vote may set a precedent because the vote seems to indicate open outcry is the best way to execute a transaction.

Late rally in sugar market

By Our Commodities Staff

WORLD SUGAR prices rallied in late trading on the London futures market yesterday with the August position finishing £4.675 up from the previous close at £197.925 a tonne.

Early in the day rises established in very steady after-hours dealings on Tuesday were trimmed back somewhat and a further decline was encouraged by the setting of an unexpectedly high maximum export subsidy at the EEC export tender in Brussels.

The subsidy on white sugar was set at 15.981 European currency units compared with 14.139 ECU's last week. But export allotments were reduced from 68,250 tonnes to 65,750 tonnes, somewhat below trade expectations.

The British Sugar Corporation announced yesterday that farmers had completed planting of the 212,500 hectares of beet they had contracted to grow for the 1981/82 season. Drilling had been completed by about the same date as last year in spite of wet conditions at the start of planting, the Corporation said. Lasta year Britain produced slightly over 1.1m tonnes of sugar from 213,000 hectares.

Chile copper strike to go ahead

WORKERS at the El Teniente copper mine in Chile voted to go ahead with the strike that started yesterday after meeting to decide whether or not to postpone the stoppage. This followed a decision by 2,000 workers at the nearby Caletones smelter and refinery, which processes ore concentrates from El Teniente, to stop work on Tuesday night.

There was little reaction to the start of the strike on the London Metal Exchange yesterday since it had already been largely discounted and under Chilean labour laws cannot last longer than 60 days. Copper cash wirebars, in fact, closed £2.25 down at £842.25 a tonne reflecting the rise in the value of sterling.

Cash tin dipped to below £6,000 losing £30 to close at £5,995 a tonne.

MARKET PROFILE: COPPER

Ample supply to meet current consumption

BY ROY HODSON

IF COPPER prices move significantly away from the ruling levels of the past year at times during coming months the reason is likely to be speculation rather than fundamental changes in demand or supply. There is nothing on the world industrial scene to warrant violent movements.

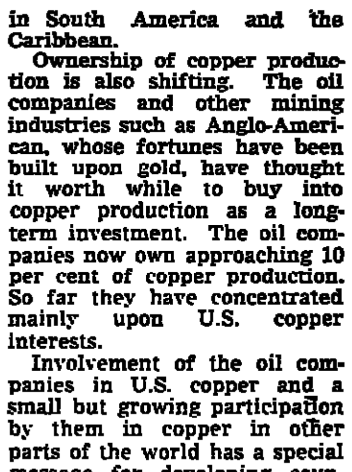
Copper is produced in more than 40 countries, ranging alphabetically from Albania to Zimbabwe. It is the most broadly based of the non-ferrous metals industries. The sheer size of the copper industry, together with the international spread of its interests, means that the price of copper is influenced most by the health of its industrial outlets (led by the electricity industry). It is a useful, if crude barometer of economic activity.

Ore reserves are ample for the world's copper consumption of around 10m tonnes a year and for foreseeable industrial expansion. Recently copper stocks have been held at around the 1m tonnes level. With the prospect of industrial demand for copper remaining static this year, stocks are expected to increase by up to 300,000 tonnes. That build-up of stocks will be a powerful factor in stabilising or even depressing prices.

Markets will, of course, react to short-term influences. The present strike in Chile of some copper workers provides an example. Yet the basic situation in 1981 will continue to be a world surplus of copper producing capacity and some overproduction.

Recent analysts reports show an unusually strong measure of agreement that copper prices are unlikely to sparkle while world industry remains generally in recession.

The Pechniney Ugine Kuhlmann (PUK) subsidiary Trefimetaux goes further with its prediction that "This continuing excess of supply over demand means that copper prices should remain on average low throughout the decade." PUK is voicing an increasingly strong body of opinion among experts that there will be fundamental changes in the style of the copper industry during teh 1980s.



In a nutshell this school of thought expects a combination of surplus copper production and the increasingly expensive and sophisticated technology required to make profits in the industry to combine to alter the shape of the market, and perhaps force some copper producers to withdraw.

Nowhere are the signs of imminent change in the copper industry more evident than in the U.S., the world's biggest producer with an output of nearly 2m tonnes a year. U.S. production costs have tended to exceed the ruling market price for copper. Pollution control measures and frequent labour disputes have added to the U.S. copper producers' costs. There are strong signs of the U.S. copper industry shifting its new investment programme to other countries where costs are lower and the climate more congenial for their operations. Anaconda, one of the largest U.S. companies, recently decided to export concentrated copper to Japan for smelting instead of developing its smelter in Montana. The U.S. copper industry is worrying politicians and unions alike because they are well aware that out of the $20bn scheduled for new investment by the American producers some $13bn is to be spent outside the U.S., mostly in South America and the Caribbean.

Ownership of copper production is also shifting. The oil companies and other mining industries such as Anglo-American, whose fortunes have been built upon gold, have thought it worth while to buy into copper production as a long-term investment. The oil companies now own approaching 10 per cent of copper production. So far they have concentrated mainly upon U.S. copper interests.

Involvement of the oil companies in U.S. copper and a small but growing participation by them in copper in other parts of the world has a special message for developing countries operating — or contemplating — capital intensive copper mining and smelting operations carrying heavy financial charges.

Some of the high cost producers begin to feel vulnerable when London Metal Exchange prices fall o the £750 to £800 a tonne price range. At such levels — the equivalent of some 80 U.S. cents a pound — the more expensive copper producing units in developing countries start to make losses.

Mr. Robert Perlman, managing director of the Commodities Research Unit (CRU) has made a study of the relationship between copper prices and investment.

In his view the industry does not need the price rises of up to US$2 per pound often discussed within the industry as the proper figure to support new copper mining ventures. Instead he believes that world copper needs during the 1980s can be supplied adequately from the development of small and medium-sized ventures which will prove viable at much more modest copper prices.

There are at least 10 large undeveloped copper deposits awaiting exploitation around the world. With the realism now attaching to copper prices it would seem that production costs will be the overriding factor in deciding which of them will be developed.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on the London Metal Exchange reflecting the rise in sterling. Three months edged up to £867 in early pre-market trading following the *firmness of gold and buying encouraged* by the strike at El Teniente. However, trade selling and the strength of sterling saw the market ease back during the afternoon and forward metal dipped to £862 before closing the late Kerb at £863. Turnover' 14,575 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	843-4	+7	842-.5	-2.25
3 months	864-.5	+6.5	863-.5	-2.5
Settlem't	844	+7	—	......
Cathodes				
Cash	836-7	+5	836-7	-2.5
3 months	852-.5	+5.25	852-3	-2
Settlem'	837	+6	—	......
S. Prod	—		*83.6-87	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £844: three months £865, 65.5, 64.5, 65, 64.5, 64. Cathodes: Cash £837: three months £852. Kerb: Wirebars: Three months £864, 63.5, 64, 63. Afternoon: Wirebars: Cash £842: three months £864, 65, 65.5, 64.5, 64, 63.5. Cathodes: Three months £853, 52. Kerb: Wirebars: Three months £863.5, 64, 63.5, 63, 62.5, 62.

TIN—Lost ground on long liquidation and hedge selling which triggered stop-loss selling. Three months *opened* at £6,110 and fall away to a low of £6,020 by the close, of the afternoon Kerb. Turnover: 1,690 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6010-5	+112	5990-6000	—30
3 months	6085-90	—87.5	6065-70	—31.5
Settlem't	6015	—115	—	......
Standard				
Cash	6010-5	—112	5990-6000	—30
3 months	6085-90	—87.5	6065-70	—31.5
Settlem't	6015	—115	—	......
Straits E.	$630.21	—0.09	—	......
New York	—	......		

Morning: Standard: Cash £6,020, 10: three months £6,100, 6,090, 80, 85. Kerb: Standard: Three months £6,085, 90. Afternoon: Standard: Three months £6,090, 85, 80, 75, 70. Kerb: Standard: Three months £6,065, 60, 50, 40, 30, 35, 40, 50, 40, 35, 30, 40, 30, 25.

LEAD—Firmer as Commission House buying and European buying was only partly met by American hedge selling. Forward metal opened at £363 and thereafter moved in a narrow range prior to closing the late Kerb at £364. Turnover: 7,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	357-8	+8.12	357-8	+4
3 months	363-.5	+6.5	364.5-5	+4.25
S'ment	358	+8.5	—	......
U.S. Spot	—	......	*36-8	......

Morning: Three months £364, 63.5, 63. Kerb: Three months £363, 62.5. Afternoon: Three months £363, 64, 64.5. Kerb: Three months £364, 63.5, 63, 63.5, 64.

ZINC—Little changed as the rise in sterling and trade selling saw forward metal ease from £404 to £398.5 by the close of the afternoon Kerb. Turnover: 5,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	389.90	+5.25	387.5-8.5	—3.5
3 months	399-400	+4.25	398.5-9	—3.75
S'ment	390	+5.5	—	......
Primw'ts	—	......	*43.5	......

Morning: Three months £403, 2.5, 2, 1, 400. Kerb: Three months £400. Afternoon: Three months £400, 399. Kerb: Three months £398, 99, 98, 97, 98, 99.

ALUMINIUM—Down owing to currency considerations which left forward metal at £636.5 on the late Kerb. Turnover: 7,350 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	624-5	-11.5	618-9	-17.5
3 months	643.5-4	-8.75	637.5-8	-5.75

Morning: Three months £645, 46, 45, 44, 43.5. Kerb: Three months £643, 42, 41, 40. Afternoon: Three months £640, 39, 38, 37.5. Kerb: Three months £637, 38, 37, 36.5, 36, 36.5.

NICKEL—Lower with the market depressed by the firmness of sterling which left three months at £2,910 on the late Kerb. Turnover: 666 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2865-75	-13.5	2855-8	-31
3 months	2930-5	-10	2910-5	-35

Morning: Three months £2,935, 30, 33. Afternoon: Cash £2,858; three months £2,908, 05, 10, 12, 10. Kerb: Three months £2,900.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 16p an ounce higher for spot delivery in the London bullion market yesterday at 531.65p. U.S. equivalents of the fixing levels were: spot $11.56, up 42c: three-month $11.998, up 41.3c; six-month $12.429, up 35.4c; and 12-month $13.235, up 28.4c. The metal opened at 527-535p ($11.45-11.65) and closed at 528-537p ($11.55-11.75).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	531.65p	+16.	534.5p	+6.
3 months	547.50p	+16.2	550.25p	+4.75
6 months	562.00p	+15.9	—	......
12months	591.40p	+10.5	—	......

LME — Turnover 131 (79) lots of *10,000 ozs. Morning: three months* 550, 49, 49.5. Kerbs: three months 550. Afternoon: Three months 550, 49.5, 50, 49.5, 50, 49, 50.5. Kerbs: three months 550, 51.

COCOA

Futures opened around £10 lower and eased further on dealer selling during the morning before short covering pared losses in spite of a stronger sterling. Actuals business was scarce with little offtake found among consumers while producers continued to be withdrawn, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
May	952-953	—8.0	955-948
July	976-977	—9.0	979-970
Sept.	993-994	—9.0	996-988
Dec.	1013-14	—9.0	1015-08
March	1034-35	—9.0	1038-31
May	1051-52	—8.5	1053-48
July	1064-68	—9.0	1068-64

Sales: 2,754 (1,804) lots of 10 tonnes.

ICCO Futures—Daily price for April 21: 97.95 (98.35); five-day average 97.38 (98.46).

COFFEE

Linked to a late recovery in New York futures, London Robustas posted gains of £5-9 in mixed dealings, reports Drexel Burnham Lambert. During a quiet afternoon further steadiness in the "C" market encouraged some short covering operations despite stronger sterling.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1062-64	+7.0	1064-57
July	1068-69	+11.0	1070-62
Sept.	1063-65	+9.0	1066-61
Nov	1061-63	+4.5	1065-60
Jan	1056-59	+2.5	1062-59
March	1051-55	+1.5	1059-54
May	1055-60	+1.0	—

Sales: 1,209 (805) lots of 5 tonnes.

ICO Indicator prices for April 21: (U.S. cents per pound): Other Mild Arabicas 128.83 (128.35); Robustas ICA 1976 111.50 (same): ICA 1968 111.75 (same). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GAS OIL FUTURES

The market opened lower on bearish Crude Oil news from Saudi Arabia and Kuwait, but rallied on short covering. Despite a dip during the afternoon prices remained at the higher levels until the close, reports Premier Man.

Month	Yesterdya' close	+ or —	Business Done
	$ U.S. per tonne		
June	285.25	+1.00	288.00-81.00
July	288.00	+1.25	288.75-84.75
August	293.75	+0.25	294.50-91.00
September	300.25	....	300.00-97.50
October	306.50	—0.50	307.00-05.00
November	312.00	+1.00	312.00-11.50
December	318.00	....	318.00-18.00
January	322.50	—0.50	323.00-23.00
February	325.75	—0.75	—

Turnover: 949 (683) lots of 100 tonnes.

GRAINS

Old crop wheat opened 25-35p higher. Futures held about steady at 50p up at lunch and outlying interest in the afternoon continued the rally to close steady £1.10-1.20 up on the day. May barley closed about steady 70p higher. New crops opened 10p up on wheat and values increased 40p in quiet trading. Barley saw a quiet day and values closed unchanged to 15p up, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
May	115.70	+1.1	99.05	+0.7
July	118.20	+1.2	—	—
Sep	102.40	+0.4	95.55	+0.05
Nov	106.00	+0.4	99.25	+0.05
Jan	109.90	+0.4	102.80	+0.10
Mar	113.75	+0.45	106.40	+0.15

Business done—Wheat: May 115.70-*114.85, July 118.25-117.50, Sept.* 102.40-102.00, Nov. 106.00-105.80, Jan. 109.90-109.85, March 113.75-113.40. Sales: 459 lots of 100 tonnes. Barley: May 99.10-98.50, Sept. 95.70 one trade, Nov. 99.30-99.25, Jan. no trades, March 106.50-106.40. Sales: 208 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent May 108.00, June 107.50, July 107.25 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent May 109.00, June 106.50, July 106.25 transhipment East Coast sellers. English Feed fob May 112.50, Sept. 105.00, Oct. 107.25, Nov. 109.50 East Coast sellers. Maize: French April 125.50 transhipment East Coast sellers. S. African Yellow April-May 85.50 sellers. Barley: English Feed fob April 100.50, May 103.00, June 103.00, Aug. 97.00. Sept. 97.50 sellers East Coast, June 102.75 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: N. East 118.50. Feed barley: Eastern 97.30, E. Mids. 98.30, N. East 100.00, Scotland 99.20.

The UK Monetary Coefficient for the week beginning Monday, April 27, is expected to remain unchanged.

RUBBER

The London physical market opened steady, with fair interest in futures, and closed steady. Lewis and Peat reported a fob May price for No. 1 RSS in Kuala Lumpur of 247.5 (260) cents a kg and SMR at 246.5 (239).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
May	56.00-57.00	55.80-54.50	54.50-54.50
June	57.20-58.00	54.70-55.50	—
Jly-Sept	59.80-59.30	57.70-57.80	60.00-58.60
Oct-Dec	63.20-65.30	61.10-61.20	65.20-61.20
Jan-Mar	68.10-66.20	64.00-64.10	65.90-64.10
Apl-Jne	68.90-69.00	66.88-67.00	—
Jly-Sept	71.70-71.80	69.80-69.90	71.80
Oct-Dec	74.50-74.60	72.60-72.80	74.60
Jan-Mar	77.40-71.50	75.60-75.70	77.40

Sales: 669 (253) at 15 tonnes, 9 (nil) at five tonnes; Physical closing prices (buyers) were: Spot 54.25p (53.00p), May 57.50p (56.00p), June 58.00p (56.75p).

SOYABEAN MEAL

The market opened with losses of £1.50 on improved U.S. weather conditions, reports T. G. Roddick. Prices continued to fall under pressure and later in the day fresh Commission House selling pushed prices to lows and the market closed £2.50 lower.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
April	—	—	140.00
June	132.50-32.5	—2.05	134.40-132.80
August	135.00-35.1	—2.65	137.60-136.00
October	137.00-37.8	—2.50	138.00-137.70
December	139.50-40.0	—1.85	140.50-140.00
February	140.50-42.5	—1.40	—
April	141.00-44.5	—1.75	—

Sales: 197 (104) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £193.00 (£185.00) a tonne cif April-May-June shipments. White sugar daily price £211.00 (£204.00).

The market opened £2.00 up but keen selling developed at the highs which were soon lost. Prices eased £5 from the highs before recovering late in the day following higher New York No. 11 quotations, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	195.15-95.50	190.40-90.50	198.00-190.5
Aug.	197.85-98.00	193.00-93.50	200.50-193.0
Oct.	199.00-99.25	195.50-95.75	201.00-195.5
Jan.	197.00-98.50	195.50-95.00	194.00
March	199.25-99.30	195.75-96.20	200.50-195.8
May	199.00-99.50	196.25-98.00	198.25-196.0
Aug	199.55-201.0	195.00-98.00	197.00

Sales: 8,839 (4,369) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £268.0 (£258.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed *Caribbean port. Prices for April 20:* Daily price 16.55 (same); 15-day average 19.00 (19.39).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 498.0, 498.5, 500.5-498.0; July 498.0, 499.0, 501.0-498.0; Oct. 488.0, 491.0, 493.0-490.0; Dec. 493.0, 494.0, 496.0-493.5; March 501.5, 503.0, 503.5-501.5; May 505.0, 508.0, 508.0-506.0; July 510.0, 512.0, nil; Oct. 512.0, 514.0, nil. Sales: 437.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: Buyer, seller, business). New Zealand cents per kg. May 354, 357, nil; Aug. 364, 367, 367-366; Oct. 366, 369, 369-368; Dec. 374, 377, 375-374; Jan. 376, 379, 378-377; March 381, 384, 384-383; May 388, 392, 391-390; Aug. 392, 396, nil; Oct. 392, 396, nil. Sales: 37.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 270 tonnes, bringing the total for the week so far to 847 tonnes. Most users wanted fresh supplies of North and South American qualities, as well as African growth.

POTATOES

LONDON POTATO FUTURES—Little change to values on a quiet market, reports Coley and Harper. Closing prices: Nov. 56.50, —0.2 (high 56.70, low 56.40); Feb. 63.50, —0.1 (high 63.70, low 63.50); April 70.70, same (high 70.70, low 70.50). Turnover: 43 (8) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 76.6 to 79.2: Ulster hindquarters 92.0 to 94.0, forequarters 54.0 to 56.0; Eire hindquarters 90.0 to 94.0, forequarters 54.0 to 57.0. Veal: Dutch hinds and ends 116.0 to 124.0. Lamb: English small (new season) 90.0 to 95.0, medium (new season) 90.0 to 96.0: Scottish medium (new season) 84.0 to 94.0; Imported frozen: New Zealand PL 64.0 to 64.0, PM 62.0 to 63.0. Hoggets: English 70.0 to 82.0; Scottish 70.0 to 78.0; Ulster 70.0 to 76.0. Pork: English, under 100 lb 46.0 to 51.0, 100-120 lb 45.5 to 49.0, 120-160 lb 42.0 to 46.5.

MEAT COMMISSION—Average fatstock prices at representative markets on April 22. GB—Cattle 91.85p per kg lw (−0.32); UK—Sheep 182.23p per kg est dcw (+7.64); GB—Pigs 71.83p per kg lw (+0.03).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: V. Lates 50/189 4.30-4.85; Cyprus: V. Lates 80/120 3.20-3.50; Moroccan: Lates 64/113 3.80-4.00. Lemons—Spania: Trays 25/50 1.50-2.00; Cyprus: 10 kg 4.00-4.40; Californian: 115/140 6.20; Italian: 100/120 4.00; S. African: 80/100 5.80; Jaffa: 5.80. Grapefruit—Cyprus: 20 kg 40/64 3.50-4.00; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85. Topaz—Jaffa: 22 lb 40/80 4.00-4.50. Apples—S. African: Granny Smiths 8.50, Golden Delicious 7.80-8.80, Starking 6.50-7.20; Chilean: Granny Smith 7.20-7.40; Canadian: Red Delicious 135/150 7.50-8.50; U.S.: Red Delicious 8.50-10.00; French: Stark Crimson 40 lb 5.00-6.20; Golden Delicious 40 lb 125/175 4.00-5.00; 20 lb 72 2.50, 84 2.00; Italian: 40 lb Romes 60/70 4.60-4.80; New Zealand: Cox's Orange Pippins 150/180 10.00-10.50. Pears—Dutch: Conference per pound 10.12; Italian: Passacrassana 0.12-0.14; S. African: Packhams 6.50-7.50, Nevis 5.80, Jose 7.50, Beurre Bosc 5.50; Australian: Williams Bon Chretien 40 lb 8.20. Grapes—S. African: 9 lb Barlinka 3.80; Chilean: 10 lb Thompson 7.60-7.80. Melons—Chilean: 15 lb 6/13 10.00-12.00. Strawberries—Israeli: Per punnet 8 oz 0.50; Spanish 8 oz 0.30-0.35; U.S.: 12 oz 1.10. Pineapples—Ivory Coast: Each 0.45-1.00; S. African: Shelford 5/9 2.80-3.40. Bananas—Colombian: Per pound 0.17-0.18. Avocados—Florida: 20/24 6.50; S. African: 16/18 3.50. Tomatoes—Canary: 4.50-5.50; Dutch: 13 lb 6.80-7.00. Onions—Dutch: 4.60-5.40; Chilean: Case 50 lb 7.20-7.40; Italian: 55 lb 6.50-7.00.

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.30-£5.20, codlings £2.00-£3.60; large haddock £3.20-£4.70, medium £3.00-4.20, small £1.60-£2.80; large plaice £3.60, medium £3.00-£3.50, best small £2.80-£4.20; skinned dogfish (medium) 4.00-£5.00; lemon soles (large) £8.50, (medium) £7.50); saithe £1.30-£2.00.

PRICE CHANGES

	Apr. 22 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1560/1580	—20	$1470/500
Copper			
Cash w'bar	£842.25	—2.25	£823.5
3 mths	£863.25	—2.5	£845.75
Cash Cathode	£836.5	—2.5	£817
3 mths	£852.5	—2	£834.5
Gold troy oz	$500.5	+16	$528.5
Lead Cash	£357.5	+4	£320
3 mths	£364.75	+4.25	£326.75
Nickel	£3,379.50	....	£3,368.65
Freemkt	290/305c	....	275/300c
Platin'mtr'y oz	£213.5	....	£213.5
Freemkt	£222.50	+1.85	£232.85
Quicksilvert	$420/430	+7.5	$415/430
Silver troy oz	531.65p	+16	577.85p
3 mths	547.50p	+16.25	595.15p
Tin Cash	£5,995	—30	£6,080
3 mths	£6,067.5	—31.5	£6,182.5
Tungsten22.04lb	$147.54	....	$146.23
Wolfrm 22.04 lbs	$144½/147½	....	$149/52.5
Zinc Cash	£388	—3.5	£337.5
3 mths	£398.75	—3.75	£346.25
Producers	$875	....	$825
Oils			
Coconut (Phil)	$570.0w	....	$575
Groundnut	‡	....	‡
Linseed Crude	£406	....	£408
Palm Malayan	$585x	+10	$595
Seeds			
Copra Philip	$380	....	$380
Soyabean(U.S.)	$324.5w	—1.5	$320
Grains			
Barley Futures	‡	....	‡
Maize			
French	£125.5	—0.5	£125
Wheat			
No 1 Red Spg.	‡	....	‡
No2 HardWint	£108.0v	—0.5	£105
Eng. Millingt	‡	....	‡
Other commodities			
Cocoa ship't	£1,072	—19	£1,023
Future July	£976.5	—9	£927
CoffeeF't July	£1068.5	+11.0	£1063.5
Cotton A.Index	88.05c	+0.35	90.90c
Rubber (kilo)	54.25p	+1.25	53.5p
Sugar (Raw)	£193xz	+8	£251
Woolt'ps 64s kl.	325p kilo	....	312p kilo

‡ Unquoted. u May-June. x June. w April-May. v May. † Per 45-lb flask.

AMERICAN MARKETS

Tuesday's closing prices

NEW YORK, April 21.

Wheat rallied sharply on indications of crop damage but it was not enough to keep soyabeans and maize from registering small losses as moisture supplies for spring planting are improving. Copper sold off moderately on profit taking ahead of The El Teniente strike. Gold rallied on a decline in interest rates while silver declined on a lack of speculative interest. Sugar advanced sharply on reports of crop damage in Central Europe. Heating oil finished lower as Kuwait joined Saudi Arabia in dropping its oil premium. Cotton was mostly *mixed* with new-crop months lower on reports of moisture in U.S. production areas, reported by Heinold.

Coffee—"C" Contract: May 126.50-126.75 (125.84), July 126.00-126.10 (126.03), Sept. 125.5-125.20, Dec. 121.75-122.00, March 119.50, May 119.50, July 119.00-120.25, Sept. 119.75-120.25

Copper—April 82.35 (82.70), May 82.60-82.80 (83.10), June 84.00, July 85.15-85.40, Sept. 87.80, Dec. 91.40-91.75, Jan. 92.60, March 94.96, May 97.10, July 99.25, Sept. 101.40, Dec. 104.55, Jan. 105.60

Cotton—No. 2: May 85.25 (85.61), July 86.60-86.80 (86.67), Oct 84.35, Dec. 81.80-82.00, March 82.90-82.95, May 83.70-83.75, July 84.50, Oct. 84.50-85.00.

*Gold—April 491.5 (488.0), May 491.5 (489.7), June 497.0-498.5, Aug. 510.0-511.0, Oct. 525.0, Dec 534.0-536.5, Feb. 547.4, April 560.1, June 572.9, Aug. 585.8, Oct. 598.8, Dec. 612.0, Feb. 625.4. Sales: 42,000.

Heating oil (cents per U.S. gallon)—May 0.9470 (0.9477), June 0.9464 (0.9517), July 0.9513 Aug 0.9649), Sept. 0.9825, Oct 1.0040, Nov. 1.0230, Dec. 1.0425, Jan 1.0665, Feb. 1.0765, March 1.0950, April 1.1025, May 1.1150. Sales: 4,484

Orange Juice—May 138.40 (137.00), July 143.00-143.50 (140.05), Sept. 144.50, Nov 144.25-144.60 Jan 144.25-144.50, March 144.85-145.25, May 145.55-146.00, July 146.20-146.75, Sept. 147.05-147.75. Sales: 2,000.

*Platinum—April 481.0 (480.3), May nil (nil), June 487.5, July 491.0-492.5, Oct. 509.0, Jan. 528.5, April 547.0. Sales: 2,626.

Potatoes (round whites)—Nov. 74.8-*75.0 (74.8), Feb. 83.0-85.0 (83.5), March* 87.0, April 102.5. Sales: 182.

¶Silver—April 1150.0 (1152.5), May 1152.0-1155.0 (1157.0), June 1170.0, July 1185.0-1187.0, Sept. 1218.2 Dec. 1267.0, Jan. 1283.2, March 1315.7, May 1348.2, July 1380.7, Sept. 1413.2, Dec. 1462.0. Handy and Harman bullion spot: 1141.00 (1113.00). Sales: 4,600.

Sugar—No. 11: May 17.20-17.25 (16.59), July 17.70-17.80 (16.94), Sept. 17.75, Oct. 17.87, Jan. 17.91, March 18.15-18.19, May 18.20-18.25, July 18.35, Sept. 18.40-18.45.

Tin—608.00-615.00 (611.00-625.00).

CHICAGO, April 21.

Chicago Imm Gold—April 490.1 (487.5), May nil (nil), June 497.0-498.0, July 503.8, Sept. 516.5-515.8, Oct. 522.6, Dec. 535.2, Jan. 541.6, March 554.3, April 560.7.

Lard—Chicago loose 19.50 (19.25).

Live Cattle—June 71.30-71.50 (70.17), Aug. 70.55-70.45 (69.95), Oct. 68.70-68.50, Dec. 69.55, Feb. 70.60, April 71.20.

Live Hogs—June 50.20-50.40 (49.92), July 53.50-53.40 (53.40), Oct. 53.45-53.55, Dec. 56.90, Feb. 57.15, April 56.50, June 57.70.

‡‡Maize—May 366¾-367¼ (369), July 378½-378¼ (378¾), Sept. 384½-384, Dec. 384¾-385, March 396¾-395¾, May 401.

Pork Bellies—May 60.85-60.02 (59.15), July 61.15-61.35 (60.37), Aug. 60.85-60.70, Feb 73.90-72.85, March 74.00, May 74.65, July 75.90.

†Soyabeans—May 787-785½ (789½), July 812-810½ (814½), Aug. 820-821, Sept. 827, Nov. 843, Jan. 862, March 883, May 897½.

‖Soyabean Meal—May 225.5-225.3 (226.9), July 233.6-234.0 (235.4), Aug. 236.5-236.1, Sept. 238.5-239.0, Oct. 242.5, Dec 246.0-246.5, Jan. 249.5, March 254.5-255.0, May 256.0-257.0.

Soyabean Oil—May 24.37-24.40 (24.36), July 25.18-25.22 (25.17), Aug. 25.50-25.55, Sept. 25.85, Oct. 26.10-26.15, Dec. 26.75-26.80, Jan. 26.95-27.00, March 27.60-27.65, May 27.95-28.00, July 28.30-28.40.

†Wheat—May 445½-445 (443¾), July 453½-451½ (446¾), Sept. 468-468½, Dec. 492, March 512¼, May 523½.

WINNIPEG, April 21.

§Barley—May 150.40 (149.50), July 152.40 (152.00), Oct 151.40, Dec. 151.70, March 151.60

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 264.72 (263.52).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, April 22.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent May $214, June-July $213. U.S. No Two Red Winter June $200, July $192. U.S. No Two Northern Spring 14 per cent May-June $216, July $215, Aug $216.

Maize—U.S. No Three Corn Yellow afloat $169, April $170, May $168, June $171, July $173.25, Aug $175.75, Sept $176.50, Oct-Dec $176.25, Jan-March $187.

Soyabeans—U.S. Two Yellow Gulfports afloat $322, April $321.50, May $318.50, June $321.50, July $324, Aug $327.50, Sept $330, Oct-Nov $335, Dec $341, Jan $346.50, Feb $352, March $355. Argentine June $315, July $315.50, option May and June $316, July $317 sellers.

Soyameal—44 per cent protein U.S. afloat $283-278-278.50, loading $278, April $275.50-277, May $275.50, June $277.50 traded, April-Sept $283, Nov-March $302. Brazil Pellets afloat $295.50, April-May $289.50, June $294, April-Sept $295.50, May-Sept $296.

PARIS, April 22.

Cocoa—(FFr per 100 kilos): May 1060-1070, July 1085 bid, Sept 1118-1123, Dec 1131-1139, March 1152-1160, May 1173-1181. Sales at call: nil.

Sugar—(FFr per tonne): July 2300-2350, Aug 2321-2324, Oct 2285-2290, Dec 2210-2275, March 2255-2275, May 2260 bid, July 2270-2300. Sales at call: 15.

INDICES

FINANCIAL TIMES

April 21	April 20	Month ago	Year ago
261.69	260.91	260.21	279.36

(Base: July 1, 1952=100).

MOODY'S

April 21	April 18	Month ago	Year ago
1111.7	1115.2	1151.8	1125.5

(December 31, 1931=100)

DOW JONES

Dow Jones	April 21	April 20	Month ago	Year ago
Spot	407.88	407.01	421.96	412.81
Fut'rs	420.28	418.35	433.48	422.93

(Average 1924-25-26=100)

REUTERS

April 22	April 21	M'nth ago	Year ago
1697.1	1689.5	1700.1	1685.4

(Base: September 18, 1931=100)

PUBLIC NOTICES

CITY OF CARDIFF—DINAS CAERDYDD

£1,700,000 issued on 21st April 1981 due 21st July 1981 at a rate of 11⅝%. Applications totalled £21,100,000. Total outstanding £1,700,000.

EAST SUSSEX COUNTY COUNCIL

£4m Bills issued on 22nd April 1981 due 22nd July 1981 at a rate of 11⅝%. Applications totalled £44m. Total outstanding £12m.

METROPOLITAN BOROUGH OF BURY

£3m Bills issued 22nd April 1981 due 22nd July 1981 @ 11.375 per cent. Applications £17m. These are the only Bills outstanding.

NORTHAMPTONSHIRE COUNTY COUNCIL

£15m 91-day Bills issued 22.4.81 due 22.7.81 @ 11⅛%. Total applications £98m. No other Bills outstanding.

STRATHCLYDE REGIONAL COUNCIL

£9m 91-day Bills issued 22.4.81 due 22.7.81 @ 11 23/64%. Applications totalled £54m. Total outstanding £36m.

Boom revives and equity leaders reach record highs

30-share index at 584.3 for three-day rise of 35.2

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 10	Apr. 29	Apr. 30	May 11
May 1	May 14	May 15	May 26
May 18	May 28	May 29	June 8

* "New time" dealings may take place from 9 am two business days earlier.

Boom conditions returned to London equity markets and many leading industrials soared to all-time peaks. After Tuesday's slight dip of 2.4 which followed last Thursday's jump of 19.4—the largest gain for two years—the FT Industrial Ordinary share index yesterday took off again with a rise of 18.2 to a *best-ever 584.3.*

Double-figure gains were recorded virtually across the board with the major exception of Oils in which sentiment reflected the current downward pressures on crude oil prices.

The tone at the opening yesterday gave no indication of the market's underlying strength. Most leaders started only a penny or so harder but revived institutional demand developed shortly after *10.00* am for selected top-quality shares and again found markets acutely short of stock. In extremely sensitive trading conditions, the response was swift and stock *which came on offer was easily* absorbed by buying orders generally too large to accommodate. Closing values were the day's best.

Widespread record highs were reached in the *FT* Actuaries indices, the All-share index gaining 1.1 per cent to a peak since compilation of 327.10.

Demand was generated by news of the improved financial *position of UK industry through* the process of de-stocking over the past year and a growing consensus that the turning point in the economy had been reached. Another important influence was the ICI chairman's comments on the group's pick-up in sales and profit margins last month.

Despite being overshadowed by the excitement in equities, Gilt-edged securities managed to improve further in another thin trade. Helpful influences here included yesterday's strength of sterling and the lack of any fresh upward pressure on U.S. interest rates. Longer maturi*ties again benefited most* with gains extending to ⅞.

Traded options recorded 2,731 deals reflecting firmness in the underlying securities. ICI and **Grand Metropolitan** attracted 466 and 455 contracts respectively, while **Marks and Spencer** recorded 360.

Down 7 on Tuesday on profit-taking in the wake of the preliminary results, **British Aerospace** *came in for renewed sup*port and rose 15 to a new peak of 229p.

Banks better

Yesterday's industrial action *by the BIFU over pay failed to* dampen sentiment in the major clearing banks which moved forward steadily on buying in a market none too well supplied with stock. **NatWest** advanced 13 to 385p and **Barclays** added 7 at 430p, while **Midland** improved 5 to 330p and **Lloyds** 4 to 342p. Elsewhere, **Royal Bank of Scotland** rose 6 to 174p, after 176p, on hopes that the bid from **Hongkong and Shanghai** will not be referred to the *Monopolies* Commission; the latter softened 2 to 126p, after 124p. Meanwhile, original bidders **Standard Chartered** gained 18 to 638p.

Lloyds Brokers led the up*surge in Insurances.* **C. E. Heath** put on 10 to 262p, **Stewart Wrightson** 8 to 225p and **Willis Faber** 7 to 340p. Elsewhere, **London United Investments** also put on 7, to 187p; the preliminary results are due next Monday.

Among Breweries, **Bass**, 228p, and **Whitbread**, 159p, added 5 and 3 respectively. Good support was also forthcoming for **Distillers**, 5 up at 206p, and for **Arthur Bell**, 6 higher at 212p.

Enlivened by several good company trading statements, the Building sector made a bright showing. **Wilson (Connolly)** advanced 28 to 270p, after 276p, in response to the increased annual profits and dividend, while **George M. Callender**, recently involved in abortive bid talks, jumped 10 to 58p following the preliminary results. Still on the trading statement, **Walter Lawrence** gained 16 for a two-day rise of 26 to 150p, while the higher profits and dividend left **MDW** 4 dearer at 110p. Stock shortage accentuated gains in the leaders, **Blue Circle** rising *12 to 436p.*

Standing 8 higher at 294p awaiting news of the annual meeting, **ICI** held that level following the chairman's cautiously optimistic remarks on current trading before moving forward again in the late dealings to close 10 up at 296p. Among other Chemicals, **Laporte** firmed 6 to 109p in front of today's annual results, while demand in a market short of stock lifted **Brent** 8 to 176p.

Stores closed with good gains across the board, particular attention being paid to newsagents and electrical retailers. **John Menzies** jumped 42 to 382p following the annual results and 100 per cent scrip issue; **Martin** rose 10 to 252p in sympathy, while comment on Tuesday's preliminary statement left **W. H. Smith** 12 dearer at 170p. The company's confidence in the outlook and proposed 1-for-2 scrip issue saw **Harris Queensway** rise 16 to 242p. Further considera*tion of the annual figures and* capital proposals lifted **Currys** 5 for a two-day advance of 25 to 388p; sympathetic rises were noted in **Comet**, 10 better at 154p, and in **Dixons Photographic**, 13 up at 176p.

Double-figure gains in the Electrical leaders included **Thorn EMI** 16 to the good at 416p and **Plessey** 11 higher at 335p. Among secondary issues, **Phicom** eased to 38p on the pro*posed £2.4m rights issue* in Convertible Preference shares but, helped by an investment recommendation, rallied smartly to close 7 up on balance at 48p. Shortage of stock accentuated many other good gains in the sector, with **Jones Stroud** rising 11 to 72p, **MK Electric** 15 to 243p and **STC** a similar amount to 540p.

Leading issues made the running in an extremely firm Engineering sector. **Tubes** featured with a rise of 16 at 240p along with **Vickers**, which advanced 11 to 189p, the latter awaiting today's preliminary statement. **GKN**, 180p, and **Hawker**, 346p, gained 10 and 12 respectively. Outstanding movements in secondary issues included **ML Holdings**, 315p, and **Williams and James**, 102p, up 10 apiece. Against the trend, **Delta** *Group, a good market of late,* closed 3 cheaper at 58½p, after 64p, following preliminary results much in line with expectations and **Richardson Westgarth** finished 4 lower at 37p on the reduced annual dividend and profits.

British Sugar fell to 293p before closing 13 down on balance at 302p following **S. and W. Berisford's** renewed bid of 285p *per share and its rejection;* Berisford closed 6 up at 121p, after 125p. **Rowntree Mackintosh** improved 6 to 198p awaiting today's preliminary results. Elsewhere in the Food sector, **A. G. Barr** advanced 35 for a two-day gain of 66 to 210p in an extremely thin market, but **Danish Bacon A** shed 2 to 104p following the anual loss and reduced dividend.

Moving sharply against the trend in Hotels and Caterers, **Savoy A** dropped 26 to 160p, after 157p, on fears that **Trusthouse Forte**, 7 up at 245p, might not pursue its takeover bid for the company.

Stock shortage accentuated *most of the gains in miscel*laneous industrials. The leaders were featured by a jump of 12 to 154p in **BOC International**; the interim results are due next month. **Boots**, 247p, and **Rank Organisation**, 216p, gained 10 apiece, while **Turner and Newall** touched 118p before closing a net 9 up at 116p. Elsewhere, **Biddle** advanced 20 to 126p in response to the better-than-expected results. **William Baird** hardened *3 to 236p, after 227p, following* trading news.

Smiths Industries gained 17 to 375p, **De La Rue** picked up 20 to 700p and **Hunting Associated** put on 13 to 395p as did **Steetley**, 222p. **Amalgamated Metal**, 325p, **Cape Industries**, 243p, **Huntleigh**, 150p, and **Royal Worcester**, 280p, all appreciated 10, while **Erskine House**, still on bid hopes, gained 6 at 63p. **Mettoy** hardened a penny to 24p and the **Deferred** 2 to 18p ahead of tomorrow's annual figures.

Recovery hopes lifted **Lucas** 13 more to 234p. **Dunlop** added a couple of pence to 72p awaiting today's preliminary results. Elsewhere in *Motors,* **York Trailer** firmed 3 for a two-day gain of 5 at 20p, while **Harold Perry**, annual results today, rose 5 more to 95p.

Still overshadowed by the glut *in world* oil supplies *and* the resulting downward pressure on prices, Oil shares continued to lose ground. **BP** reacted 10 more to 382p among the leaders. **Lasmo** fell 20 to 535p and **Tricentrol** 6 to 250p. The more speculative issues also gave ground, but **Eglinton** firmed 5 to 180p on a gas well drilling report, while **Cluff** rose a similar amount to 380p following the chairman's statement at the annual meeting and the proposed scrip issue.

Textiles remained firm. **Courtaulds** attracted good support and closed 5 dearer at 75p.

Golds up again

Rothmans were marked sharply lower at 58p following news that the exploratory talks with R. J. Reynolds had been terminated; the shares rallied from this level following the announced deal *between* **Rembrandt** *and* **Philip Morris** and the close was 7½ down on balance at 69½p. Rothmans' associate **Alfred Dunhill** fell 20 to 210p.

South African Golds made progress for the fifth successive trading day as the bullion price advanced $16 to $500.50 per ounce—a three-day gain of $26. The Gold Mines index rose 9.5 more to 368.4.

West Driefontein continued to *feature in the heavyweight issues* and put on a point to £38 reflecting the benefits of the proposed merger with **East Driefontein**; the latter improved ¼ to $13¾.

Mines in the Gencor group attracted good support both in front of and following the results for the March quarter. **Winkelhaak** were outstanding and rose £1¼ to £14¾, while **St. Helena** added ¾ to £18½, **Kinross** 37 to *615p and* **Grootvlei** *25 to 418p.*

On the other hand, the terms of their respective rights issues tended to depress **Elandsrand**, 25 down at 275p and **South African Land**, 2 easier at 294p.

South African Financials mirrored the performance of Golds. **GFSA** moved up a further point to £36¼. "**Amcoal**" improved ¼ to a 1981 high of £16¼.

The London Financials were *marked up, reflecting* the sharp gains in UK equities, but turnover remained at a low level.

Australians weakened at the outset following a downturn in overnight domestic markets, but subsequently staged a modest rally

FINANCIAL TIMES STOCK INDICES

	Apr. 22	Apr. 21	Apr. 16	Apr. 15	Apr. 14	Apr. 13	A year ago
Government Secs.	69.60	69.44	69.23	69.23	69.25	69.10	66.50
Fixed Interest	71.20	71.15	71.10	71.15	71.10	71.08	67.13
Industrial Ord.	584.3	566.1	568.5	549.1	648.8	546.6	435.2
Gold Mines	368.4	358.9	353.8	342.9	341.4	328.3	292.4
Ord. Div. Yield	5.66	5.81	5.78	5.98	5.97	5.99	8.07
Earnings, Yld. %(full)	11.03	11.34	11.28	11.62	11.61	11.61	19.83
P/E Ratio (net) (*)	11.35	11.04	11.09	10.78	10.79	10.79	6.13
Total bargains	23,338	22,920	21,400	21,074	28,750	27,147	17,058
Equity turnover £m.	—	134.93	159.14	120.99	117.07	138.54	98.43
Equity bargains	—	18,296	17,053	14,399	15,517	18,647	12,711

10 am 567.6. 11 am 574.6. Noon 578.2. 1 pm 580.1.
2 pm 580.3. 3 pm 581.3.
Latest Index 01-246 8026
* Nil = 10.61
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	68.05 (16/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	69.96 (16/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	584.3 (22/4)	446.0 (14/1)	584.3 (22/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 21	Apr. 16
—Daily—		
Gilt Edged Bargains	176.1	179.9
Equities Bargains	118.5	110.5
Value	272.7	321.7
5-day Avrge.		
Gilt Edged Bargains	188.3	189.1
Equities Bargains	108.6	112.0
Value	271.1	289.0

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (388)

BRITISH FUNDS (7)
AMERICANS (5)
BEERS (10)
BUILDINGS (28)
CHEMICALS (5)
DRAPERY & STORES (20)
ELECTRICALS (22)
ENGINEERING (42)
FOODS (11)
HOTELS (4)
INDUSTRIALS (66)
INSURANCE (7)
LEISURE (4)
MOTORS (17)
NEWSPAPERS (9)
PAPER (6)
PROPERTY (9)
SHIPPING (2)
TEXTILES (12)
TOBACCOS (1)
TRUSTS (37)
OVERSEAS TRADERS (4)
RUBBERS (3)
TEAS (1)
MINES (6)

NEW LOWS (21)

AMERICANS (2)
Conoco Damson Oil
CANADIANS (1)
Hawker Sidd. Canada
BANKS (1)
HK & Shanghai
CHEMICALS (1)
Anchor Chem.
ELECTRICALS (1)
Thorpe (F. W.)
INDUSTRIALS (2)
Gieves Group London & Liverpool
OIL & GAS (10)
Basic Res. Int. Premier Cons.
Collins (K.) Ranger Oil
Edinburgh Secs. Sovereign Oil
Floyd Oil Texaco 4¼pc Conv.
LASMO Ops.' Tricentrol
MINES (3)
Haoma Pengkalen
Gopeng

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	74	—	23
Corpns. Dom & Foreign Bonds	5	5	57
Industrials	467	161	738
Financial & Props.	182	47	255
Oils	44	6	28
Plantations	5	5	13
Mines	58	43	65
Others	24	77	57
Totals	859	344	1,246

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, April 21, 1981.

Contracting, Construction	+ 46.35	Motors	+ 16.07
Packaging and Paper	+ 35.71	Newspapers, Publishing	+ 15.98
Hire Purchase	+ 35.40	Food Retailing	+ 14.49
Other Industrial Materials	+ 34.90	Health and Household Products	+ 14.14
Textiles	+ 32.32	Brewers and Distillers	+ 14.11
Mechanical Engineering	+ 28.01	Insurance (Composite)	+ 13.88
Building Materials	+ 27.50	Property	+ 13.77
Metals and Metal Forming	+ 25.73	500 Share Index	+ 11.13
Leisure	+ 24.59	Investment Trusts	+ 10.89
Capital Goods	+ 24.26	All-Share Index	+ 10.85
Office Equipment	+ 23.71	Financial Group	+ 10.73
Other Consumer	+ 23.19	Stores	+ 10.25
Food Manufacturing	+ 21.39	*Overseas Traders*	+ 10.07
Engineering Contractors	+ 20.30	Other Groups	+ 7.83
Shipping and Transport	+ 18.47	Merchant Banks	+ 6.89
Industrial Group	+ 18.08	Mining Finance	+ 4.68
Insurance Brokers	+ 17.19	Discount Houses	+ 3.59
Consumer Group	+ 16.55	Banks	+ 2.90
Insurance (Life)	+ 16.30	Chemicals	− 1.31
Tobaccos	+ 16.25	Oils	− 11.56
Electricals	+ 16.18	Gold Mines Index	− 11.93

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bowater	276	+ 1	Racal Electronics	387	+ 7
British Sugar	302	−13	*Rothmans International*	69½	− 7½
Delta Group	58½	− 3	Savoy "A"	160	−26
ICI	296	+10	Smith (W. H.) "A"	170	+12
Lucas Industries	234	+13	Smiths Industries	375	+17
Plessey	335	+11	West Driefontein	£38	+ 1

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
Rothmans	19	77	− 9	BP	13	392	− 8
GEC	15	700	− 2	GKN	13	170	− 8
ICI	15	286	+ 4	Marchwiel	13	144	+15
Ultramar	15	463	− 2	Bowater	12	275	− 9
Boustead	14	160	—	Plessey	12	324	− 3
Shell Transport	14	388	− 4	RTZ	12	475	—
Brit. Aerospace	13	214	− 7	Unilever	12	510	+ 2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 21	May 1	July 23	Aug. 3
May 11	May 22	Aug. 6	Aug. 17
May 26	June 5	Aug. 26	Sept. 7

For rate indications see end of Share Information Service

Money was given for the call of K. O. Boardman, Albert Fisher, Rothmans International, Carrington Viyella, I. Barget, GKN, Associated Communications, Newman Industries, Royal Bank of Scotland, British Aerospace, Woolworths, Y. J. Lovell, Swire Pacific A and Hawley Leisure. Puts were transacted in GEC, Boots, Oxley Printing and Tate and Lyle, while doubles were taken out in P & O, GKN, Spillers and Carrington Viyella.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., April 22, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. April 21 Index No.	Thur. April 16 Index No.	Wed. April 15 Index No.	Tues. April 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	362.99	+1.6	10.62	4.38	11.62	357.14	357.61	348.37	348.69	238.21
2	Building Materials (25)	317.45	+1.1	13.96	5.49	8.64	313.86	312.95	307.06	307.94	234.28
3	Contracting, Construction (28)	599.13	+1.2	15.76	4.51	7.59	591.89	585.45	577.24	576.88	353.68
4	Electricals (28)	1127.15	+1.3	7.74	2.36	16.04	1112.29	1115.63	1088.84	1085.25	625.78
5	Engineering Contractors (11)	478.40	—	13.19	5.41	9.35	478.22	477.12	475.97	478.01	283.22
6	Mechanical Engineering (70)	225.76	+2.8	12.30	5.44	10.25	219.60	221.07	216.19	216.27	159.02
8	Metals and Metal Forming (13)	177.53	+2.8	9.49	7.29	13.85	172.69	174.92	170.22	170.63	163.46
9	Motors (21)	110.01	+2.8	8.63	7.57	15.60	107.01	106.25	102.62	101.70	102.62
10	Other Industrial Materials (18)	391.93	+1.1	10.48	5.24	11.40	387.74	386.96	374.24	372.02	0.00
21	CONSUMER GROUP (196)	282.52	+1.8	13.14	5.55	9.24	277.57	277.90	272.25	272.59	217.39
22	Brewers and Distillers (20)	304.23	+1.5	15.22	6.01	7.80	300.37	301.06	292.33	293.22	268.00
25	Food Manufacturing (21)	258.01	+0.7	15.40	6.11	7.71	256.25	256.16	251.76	252.25	191.85
26	Food Retailing (14)	539.96	+1.3	8.36	2.99	14.12	532.76	534.58	531.79	534.20	302.29
27	Health and Household Products (7)	305.53	+1.4	8.95	4.69	13.26	301.42	304.56	294.54	296.48	105.80
29	Leisure (22)	443.76	+2.0	11.48	5.05	10.54	434.86	433.99	426.86	424.18	290.64
32	Newspapers, Publishing (12)	493.20	+1.0	14.50	5.73	7.41	492.84	491.85	481.21	486.39	324.68
33	Packaging and Paper (14)	157.86	+1.5	17.49	7.31	6.68	155.47	155.92	152.34	153.03	130.11
34	Stores (44)	280.68	+3.1	10.58	4.50	12.39	272.32	271.18	265.98	266.63	213.33
35	Textiles (22)	149.04	+1.1	12.87	7.69	10.53	144.98	144.15	139.78	158.48	128.96
36	Tobaccos (3)	233.63	+0.7	24.33	9.96	4.64	232.06	235.74	232.27	231.02	201.56
37	Other Consumer (17)	295.70	+0.8	8.63	6.49	14.45	293.38	293.28	290.07	286.32	0.00
41	OTHER GROUPS (78)	243.71	+2.5	12.78	6.20	9.64	237.88	236.69	231.30	230.75	199.41
42	Chemicals (15)	304.06	+3.7	10.60	6.83	11.96	293.25	290.48	277.52	277.56	295.15
44	Office Equipment (6)	129.79	+3.3	14.34	6.40	8.27	125.60	124.92	122.46	121.49	109.66
45	Shipping and Transport (13)	642.33	+0.9	13.26	5.78	9.00	636.81	635.75	633.75	626.20	465.58
46	Miscellaneous (44)	301.42	+1.4	14.73	5.56	8.35	297.21	296.91	295.20	295.05	241.75
49	INDUSTRIAL GROUP (488)	304.77	+1.8	12.15	5.19	10.08	299.27	299.40	292.59	292.78	224.37
51	Oils (12)	804.28	−2.0	22.31	7.00	5.01	821.25	834.33	793.48	795.64	714.98
59	500 SHARE INDEX	344.78	+1.1	13.93	5.51	8.55	340.96	342.07	332.63	332.97	263.28
61	FINANCIAL GROUP (118)	262.36	+0.9	—	5.38	—	259.96	259.68	255.10	256.62	198.53
62	Banks (6)	259.57	+2.2	35.65	6.97	3.27	254.03	254.89	248.72	250.07	214.62
63	Discount Houses (10)	303.56	+1.0	—	6.30	—	300.64	301.56	301.24	301.39	232.54
64	Hire Purchase (4)	267.04	—	8.43	4.65	16.41	267.16	268.40	268.40	270.81	200.97
65	Insurance (Life) (10)	270.89	+0.9	—	5.52	—	268.40	268.92	264.04	266.17	180.30
66	Insurance (Composite) (9)	167.94	+0.1	—	7.31	—	167.70	168.28	163.63	166.01	124.61
67	Insurance Brokers (8)	349.04	+1.8	11.95	4.04	11.35	374.51	371.84	366.89	358.55	298.08
68	Merchant Banks (13)	158.04	−0.2	—	4.96	—	158.43	158.34	158.14	158.34	129.08
69	Property (48)	508.61	+0.5	2.98	2.48	46.34	506.32	501.31	494.98	497.21	390.56
70	Miscellaneous (10)	173.33	+1.8	18.12	5.97	6.71	170.22	171.00	170.63	171.18	128.06
71	Investment Trusts (109)	313.99	+0.4	—	4.91	—	312.59	309.15	304.74	304.85	213.95
81	Mining Finance (3)	242.85	+1.8	13.89	5.52	8.55	238.63	239.22	233.12	232.07	185.57
91	Overseas Traders (20)	476.43	+1.0	11.30	6.12	10.85	471.54	470.76	465.88	466.45	383.32
99	ALL-SHARE INDEX (750)	327.10	+1.1	—	5.46	—	323.58	324.15	316.20	316.75	247.84

FIXED INTEREST

	PRICE INDICES	Wed., April 22	Day's change %	Tues., April 21	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	108.60	+0.08	108.51	—	3.75
2	5-15 years	111.83	+0.26	111.55	—	3.86
3	Over 15 years	115.59	+0.30	115.04	—	4.65
4	Irredeemables	129.31	+0.30	128.90	—	1.78
5	All stocks	111.69	+0.22	111.45	—	4.02
6	Debentures & Loans	87.73	+0.08	87.71	—	3.66
7	Preference	67.84	+0.00	67.84	—	2.88

	AVERAGE GROSS REDEMPTION YIELDS		Wed., April 22	Tues., April 21	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.96	11.95	12.57
2		15 years	12.08	12.12	12.40
3		25 years	12.18	12.23	12.40
4	Medium Coupons	5 years	13.87	13.10	14.02
5		15 years	13.59	13.63	14.01
6		25 years	13.30	13.33	13.76
7	High Coupons	5 years	13.78	13.81	14.41
8		15 years	13.76	13.83	14.33
9		25 years	13.43	13.54	14.09
10	Irredeemables		11.63	11.66	11.72
11	Debs & Loans	5 years	14.44	14.45	15.14
12		15 years	14.44	14.45	14.51
13		25 years	14.44	14.45	14.51
14	Preference		14.46	14.44	15.81

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 96.8 96.9 +0.6 13.93
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM32.10 33.80 +0.10 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. April 17 $4.64 4.87 ..... —

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM16.56 17.28 +0.03 —
Int. Rentenfonds DM60.44 61.95 ..... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV April 17 US$32.20 34.26 ..... —

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 161.4 173.0 ..... 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 66.2 70.5 +1.7 7.09
E. A. Sterling* £68.08 68.12 +0.10 —
E. A. Equity* £71.27 75.82 +0.59 1.65
Wardgate Cm. Fd ** £71.27 75.82 +0.59 1.65
*Next dealing April 29. **Next dealing April 30.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2.
Tel: 01-247 7243. Telex: 8814408.
Euro Hldgs US$19.71 20.36 ..... 9.30

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$42.65 −0.10 1.90

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
Centenary Fd. US$12.07 ..... 1.16
F. & C. Oriental Fd. US$23.30 ..... —
Prices April 15. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$42.74 −0.17 1.100
Am. Vals. Cum. Pf. $3* $101.00 ..... —
American Vals. Com.* $19.03 ..... —
Dollar Savings Trust US$78.39 ..... 14.08
Far East US$32.78 ..... —
International US$45.69 ..... —
Pacific US$109.40 ..... —
World US$25.85 −0.01 —
Gilt Fund 24.1 24.3 ..... 12.86
*Prices at April 1.

First Viking Commodity Trusts

Hill Samuel Invest. Mgmt. Intnl.

Rothschild Asset Management (C.I.)

NOTES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	59.8	64.3	-0.9	2.26
Abbey Capital	52.7	57.0xd	+0.6	3.86
Abbey General	60.4	65.3	+0.8	4.70
Abbey Gilt & F.I. 1st.	106.6	112.3xd	+0.2	11.68
Abbey Income	39.5	42.7xd	+0.3	8.22
Abbey W'w.Bd.Tst.	95.5	101.1	-0.4	6.63
Abbey Inv. Tst. Fd.	53.9	58.3	-0.1	4.12
Equitas Prog. Tst.	87.0	94.1	+0.8	4.35

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	87.1	91.7	+0.1	12.65

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	97.4	104.2	+0.7	5.37
Brit. Inds. Fund	84.4	90.3	+0.4	5.65
Growth & Income	55.6	59.5	+0.3	4.54
Elect. & Ind. Dev.	48.6	52.0xd	+0.4	4.81
Allied Capital	103.5	110.7xd	+0.4	3.97
Hambro Fund	143.2	153.2	+0.6	5.42
Hambro Acc. Fund	195.4	209.1	+1.5	4.35
Income Funds				
High Yield Fd.	72.2	77.2	+0.4	7.77
High Income	86.8	92.9xd	+0.6	6.89
Equity Income Fd.	50.1	53.6	+0.3	6.83
Govt. Secs.	26.1	26.8	.....	11.57
International Funds				
International	36.8	39.4	-0.3	2.03
Japan Fund	25.7	27.5	.....	0.73
Pacific Fund	71.7	76.7	.....	1.07
Secs. Of America	80.1	85.7	-1.0	1.87
Specialist Funds				
Smaller Co.'s Fd.	61.3	65.6	+0.4	3.96
2nd Smlr. Co's Fd.	74.2	79.4xd	.....	3.80
Recovery Sits.	149.5	160.0xd	+0.1	4.75
Met. Min. & C'dty.	69.6	74.5xd	+0.1	4.93
Overseas Earnings	74.9	80.1	+0.8	4.61
Exempt Funds				
Income Exempt	55.8	58.6	.....	7.26
Far East Exempt	75.7	78.7	+0.3	0.95
Smaller Co. Exempt	97.2	102.1xd	-0.1	3.92
U.S.A. Exempt	133.1	138.4xd	-1.8	2.24

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	72.7	77.9xd	.....	3.19

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	154.0	164.0	.....	12.00
Leics.&Gen.Fd.	53.5	56.5	+1.5	—

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	40.8	43.0	.....	3.35
Do. Accum.	52.0	54.7	.....	3.35

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	36.4	38.9	.....	—
Commodity***	94.7	101.3	.....	2.57
(Accumulation)	148.2	158.5	.....	2.57
(10% Withdrawal)	71.5	76.5	.....	2.57
Eastern & Internatl.†	46.6	50.2	.....	1.00
(6% Withdrawal)	31.9	34.4	.....	1.00
Extra Income	99.5	107.0	-0.7	9.22
(Accumulation)	118.8	127.8	-0.8	9.22
Finance & Property*	28.1	30.3	.....	3.58
Foreign††	142.7	148.7	+2.9	1.00
Giants	50.1	53.6	+0.3	4.31
(Accumulation)	65.6	70.1	+0.3	4.31
Gilt & Fixed	43.8	45.9	+0.7	11.82
(Accumulation)	47.4	49.7	+0.8	11.82
Growth	45.3	48.4	+0.6	4.07
(Accumulation)	59.7	63.8	+0.8	4.07
High Income	38.6	41.3	+0.2	8.76
(Accumulation)	65.6	70.1	+0.2	8.76
(8½% Withdrawal)	51.2	54.7	+0.1	8.76
High Yield	45.4	48.9	+0.3	10.04
(Accumulation)	81.7	87.9xd	+0.5	10.04

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	44.2	47.7	-0.5	0.52
Cres. Internat'l.	86.0	92.8	-0.6	1.68
Cres. High. Dist.	48.4	52.2	.....	9.10
Cres. Reserves	54.2	58.5	+0.4	5.02
Cres. Tokyo	34.6	37.3	.....	0.94

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.6	25.0xd	.....	8.70

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. April 9	252.6	269.4	.....	4.83

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.8	21.9	.....	6.45
Gt. Winchester O'seas	29.3	32.6	.....	3.26

For Emson and Dudley see Robert Fraser Tst. Mgmnt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	95.4	100.4	+0.7	4.32

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	40.0	43.1	-0.7	0.58
Amer. Spec. Sits. (z)	29.2	31.5	-0.3	0.40
Gilt + Fixed Int.	25.1	26.3xd	.....	11.99
Growth + Income	35.7	38.4	+0.2	6.23
Maximum Inc. Eq. Tst.	30.1	32.4	+0.2	8.34
Special Sits.	43.6	46.9	.....	1.63

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	41.3	44.4xd	+1.0	1.75
Accum. Units	51.2	55.1xd	+1.3	1.75
J. Finlay High Income	38.6	41.5xd	+0.9	9.25
Finlay Wld. Energy	18.2	19.6xd	-0.3	1.35
Accum. Units	23.6	25.3xd	-0.3	1.35
J. Finlay Fd In.Tst.	41.1	44.2xd	+1.0	4.92
Accum. Units	53.3	57.3xd	+1.3	4.92

Prices on April 22. Next dealing April 29.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	87.2	93.2	-1.0	0.73
Am. T'around.	80.6	86.2	-1.0	1.41
Capital Tst.	66.2	70.6xd	+0.3	4.70
(Accum. Units)	69.8	74.6	+0.2	4.70
Convertible & Gilt	49.8	52.4	-0.2	9.64
(Accum. Units)	49.8	52.4	-0.2	9.64
Extra Income Trust	57.6	61.6	+0.2	8.56
Income Tst.	45.8	48.8	+0.2	7.05
Int. Growth Fd.	68.8	73.4xd	-0.4	1.58
(Accum. Units)	74.0	79.0	-0.6	1.58

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3213

Robt. Fraser Ut. Tst.	87.1	93.7xd	.....	6.00

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	70.0	74.8	+0.5	3.91
Do. Accum.	100.8	107.8	+0.6	3.91

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital April 15	145.8	148.7xd	.....	4.71
Gross Inc. April 15	86.0	88.2	.....	10.88
High Yield April 15	98.9	104.3	.....	9.97

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	163.6	175.9	.....	1.90
Do. Acc.	210.2	226.0	.....	1.90
G.T. Inc. Fd. Un.	225.2	242.2	.....	7.80
G.T. U.S. & Gen.	228.2	245.4	.....	1.30
GT Wld. Bd. Fd.	97.0	101.0	.....	5.90
G.T. Japan & Gen.	107.8	115.9	.....	1.40
ΦGt. Pens. Ex. Fd.	371.5	391.1	.....	1.60
G.T. Int'l. Fund	258.4	277.8	.....	1.80
G.T. Four Yds. Fd.	63.1	67.8	.....	6.20
G.T. Far East & Gen.	100.6	108.2	.....	1.20

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	269.2	283.3	+8.9	3.81

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund March 31		148.70	.....	6.77
Wider Fund March 31		269.50	.....	5.00
Narrower Fd. Mar. 31		77.95	.....	12.99

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	68.9	74.1	-1.0	1.92
(Accum. Units)	73.9	79.4	-1.3	1.92
American Recovery	78.9	84.4xd	-1.1	1.43
(Accum. Units)	81.4	87.1	-1.2	1.43
Australasian	109.1	116.7	-0.2	0.89
(Accum. Units)	114.2	122.2	-0.2	0.89
Comm. & Gen.	149.7	160.2	+1.1	2.84
(Accum. Units)	176.1	188.4	+1.3	2.84
Compound Growth	196.6	210.4	+1.5	3.01
Conversion Growth	121.7	130.2	+1.9	2.30
Conversion Inc.	78.0	83.5	+0.4	9.18
Dividend	145.6	158.0	+1.6	7.96
(Accum. Units)	324.1	351.4	+3.5	7.96
European	60.9	65.2	+0.1	3.77
(Accum. Units)	66.8	71.5	+0.2	3.77
Extra Yield	92.2	98.6xd	+1.0	8.99
(Accum. Units)	149.7	160.2	+1.5	8.99
Far Eastern	123.9	132.6	-0.1	1.06
(Accum. Units)	141.7	151.6	-0.2	1.06
Fund of Inv. Tsts.	100.2	108.2	+0.6	4.44
(Accum. Units)	133.9	144.6	+0.8	4.44
General	245.9	264.3	+1.7	5.56
(Accum. Units)	426.1	458.1	+2.9	5.56
Gilt	48.3	50.7	.....	10.50
(Accum. Units)	49.0	51.5	.....	10.50
High Income	122.2	130.7	+1.1	8.54
(Accum. Units)	243.0	260.0	+2.3	8.54
Japan	170.7	182.7	-3.4	0.88
(Accum. Units)	179.3	191.8	-3.6	0.88
Magnum	361.2	382.9	+5.7	5.09
(Accum. Units)	499.6	529.6	+7.9	5.09
Midland	174.8	187.0xd	+2.3	8.46

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	176.1	189.3	-1.2	2.72
(Accum. Units)	226.1	243.1	-1.5	2.72
Income Fnd.	243.0	261.2	+1.6	7.09
(Accum. Units)	419.0	450.5	+2.7	7.09
Gen.	133.8	143.8	-1.1	3.75
(Accum. Units)	181.2	194.8	-1.5	3.75
Europe	21.9	23.5xd	-0.1	2.77
(Accum. Units)	26.1	28.0	-0.1	2.77
Smaller Co.'s	151.7	163.1	-0.9	2.99
American	54.2	58.2	-1.2	2.00
(Accum. Units)	54.2	58.2	-1.2	2.00
Tokyo	49.7	53.4	-0.1	0.25
(Accum. Units)	49.7	53.4	-0.1	0.25
Gilt & Fixed	49.1	51.6	+0.1	12.00
(Accum. Units)	49.1	51.6	+0.1	12.00
Australian	53.7	57.7	+0.1	2.00
(Accum. Units)	53.7	57.7	+0.1	2.00
*Pn. & C. Fd. Apr. 22	261.9	275.6	.....	4.49
*Recovery April 14	315.0	331.5	.....	3.84
*Spec. Ex. April 14	494.7	516.5	.....	2.10
*Euro. Exempt Mar. 26	103.1	108.5	.....	2.29

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	107.2	115.7	+0.8	5.06

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	65.3	69.5xd	.....	4.92
Accum. Units	84.4	89.8xd	.....	4.92

Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.

Security Selection Ltd.
Regis Hse., King William St., EC4. 01-623 4951.

Unvl Gth Tst Acc.	35.3	37.6	.....	8.06
Unvl Gth Tst Inc.	26.3	28.0	.....	8.06

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

SIMCO Call Fund†	100.0	—	.....	12.06
SIMCO 7-Day Fund†	100.0	—	.....	11.67

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.3
23	14	ACM 20c	20	......	—	—	—
21	14	Argosy Gold NL 25c	14	−3	—	—	—
212	137	Bond Corp.	196	......	Q7½c	1.9	2.0
102	76	Bougainville I Kina	85	−2	Q26.2c	1.0	15.8
302	214	CRA 50c	256	−2	Q19c	1.7	3.8
25	17½	Canada Northwest	21	......	—	—	—
35	17	Carr Boyd 20c	19	−1	—	—	—
415	105	Central Pacific	110	−5	—	—	—
[illegible]							

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]							
315	180	Colby Res. Corp.	210	−20	—	—	—
270	200	Cons. Murch. 10c.	270	+10	t030c	1.8	6.4
98	75	††Hemerdon 10c.	85	−2	—	—	—
180	135	Highwood Res.	150	......	—	—	—
400	300	Northgate C$1	365	+5	—	—	—
487	372	R.T.Z.	480	+5	16.0	3.1	4.9
£113	£93½	[illegible]	£113	+2	Q9½%	—	17.2
143	118	††SPD Minerals 10p	118	......	—	—	—
47	33	Sabina Inds. C$1.	40	......	—	—	—
38	28	††SWCM 10p	33	+1	—	—	—
550	465	Tara Exptn. $1	505	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♀ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	42	......
Bertam	14	......
Bdg'wtr. Est. 50p	500	......
Craig & Rose £1	£11¼	......
Fife Forge	58	......
Finlay Pkg. 5p	22	......
Graig Ship. £1	£21	......
Higsons Brew	73	......
Holt (Jos) 25p	420	......
I.O.M. Stm. £1	158	......
Pearce (C. H.)	965	+15
Peel Hldgs.	100	......
Sheff. Refrshmt	107	......
Sindall (Wm.)	170	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£93¾	......
Nat. 9¼% 84/89	£75¼	......
Fin. 13% 97/02	£80½	......
Alliance Gas	75	......
Arnott	250	+5
Carroll (P.J.)	86	......
Concrete Prods.	94	......
Heiton (Hldgs.)	27	......
Ins. Corp.	395	......
Irish Ropes	52	......
Jacob	47xd	......
T.M.G.	23	+½
Unidare	88	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate
A. Brew	6½
BOC Intl.	11
B.S.R.	4½
Babcock	11
Barclays Bank	36
Beecham	15
Blue Circle	35
Boots	20
Bowaters	24
Brit. Aerospace	14
B.A.T.	25
Brown (J.)	7
Burton Ord.	12
Cadburys	7½
Courtaulds	6
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	22
F.N.F.C.	3½
Gen. Accident	30
Gen. Electric	60
Glaxo	28
Grand Met.	14
G.U.S. 'A'	44
Guardian	32
G.K.N.	16
Hawker Sidd	25
House of Fraser	14
I.C.I.	20
"Imps"	7
I.C.L.	6
Ladbroke	30
Legal & Gen.	20
Lex Service	10
Lloyds Bank	28
"Lofs"	4½
London Brick	7
Lucas Inds.	18
"Mams"	20
Mrks. & Spncr	9
Midland Bank	26
N.E.I.	7
Nat. West. Bank	32
P & O Dfd.	13
Plessey	30
Racal Elect.	34
R.H.M.	5
Rank Org. Ord.	18
Reed Intnl.	20
Sears	5
Tesco	5½
Thorn EMI	30
Trust Houses	18
Tube Invest.	18
Turner & Newall	10
Unilever	50
Utd. Drapery	6½
Vickers	15
Woolworths	5

Property

Stock	Rate
Brit. Land	8
Cap. Counties	11
Land Secs.	37
MEPC	20
Peachey	15
Samuel Props.	13
Town & City	2¾

Oils

Stock	Rate
Brit. Petroleum	36
Burmah Oil	16
Charterhall	9
KCA	22
Premier	10
Shell	34
Tricentrol	30
Ultramar	44

Mines

Stock	Rate
Charter Cons.	21
Cons. Gold	45
Lonrho	9
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Thursday April 23 1981

Clearers hit by selective strikes

By Nick Garnett

MIDLAND BANK'S cheque clearing operations were halted, and National Westminster's disrupted, during yesterday's selective strikes by members of the Banking, Insurance and Finance Union.

Barclays' Gloucester computer centre was due to be hit by 24-hour strike action starting last night. The bank said walk-outs by staff at its Wythenshawe computer centre yesterday did not affect cheque handling operations.

Strikes of at least 24 hours' duration will be mounted in computer centres of at least three banks—Midland, Lloyds and NatWest—almost certainly within the next two weeks.

The executive of the union, which has rejected the clearing banks' 10 per cent offer, is due to meet on May 14 to consider the result of a ballot among more than 70,000 of its members. A ballot rejection of the offer—which the banks are paying and which has been accepted by the rival Clearing Bank Union—will almost certainly lead to further one day stoppages and other forms of action.

The banks said last night that BIFU's stoppages yesterday had been far less successful than the union had hoped. They expressed strong doubts about the effectiveness of the overtime ban and work to rule due to start in selected areas today. That action will also hit the Joint Credit Card Company which handles Access operations.

The five clearers said fewer than 6,000 BIFU members took part in the action. About 160 branches and sub-branches were closed for the day out of the network's total 11,300 branches.

Picture, Page 10

Civil Service pay talks today

BY PHILIP BASSETT, LABOUR STAFF

THE Government is to meet the Civil Service unions today for the first time since their seven-week-old strike campaign began. The unions will be armed with the threat of a sharp intensification of their action from Monday, involving strikes by air traffic control staff.

Today's meeting breaks the deadlock in the increasingly bitter dispute over the Government's offer of a 7 per cent pay rise this year.

Lord Soames, the Lord President of the Council, yesterday wrote to Mr. Bill Kendall, secretary-general of the Council of Civil Service Unions, formally suggesting the meeting.

The letter, which followed informal contact between Mr. Kendall and the Civil Service Department, said the Lord President had "positive points to make."

THE GOVERNMENT faces a head-on confrontation with Britain's ambulance workers, who have voted overwhelmingly to reject a 6 per cent pay offer. A ballot by the National Union of Public Employees, which represents two thirds of the country's 17,000 ambulance workers, recorded 9,000 votes for rejection against only 500 for acceptance.

The union's negotiators recommended rejection but have warned that the next step is likely to be industrial action. Page 10

General secretaries and other senior officials comprising the CCSU's major policy committee agreed that Mr. Kendall and one or two others should attend.

However, Mr. Kendall said, agreement had been given "very grudgingly." There was still "deep anger" that no concrete proposals had been put forward before talks began.

Lord Soames is unlikely to make any significant concession today. It is not clear how much support be has for the initiative from his Cabinet colleagues.

He is likely to explain the special circumstances, including the severity of the economic climate, surrounding this year's offer. He will also argue that by suspending the normal comparability-based Pay Research system last October, the Government was at least being honest about the likelihood of a smaller rise this year.

Details of the new system of pay determination now all but completed by Mr. Gordon Burrett, CSD deputy secretary with responsibility for pay, are unlikely to be placed on the table.

Lord Soames is likely to suggest, instead, an independent inquiry for which the new proposals would form the bulk of the Government's evidence. An inquiry seems unlikely to find favour with the unions.

If an inquiry is not acceptable, the proposals may well then go direct to Ministers for approval to become the new pay system.

However, it is thought any new system will not be operational until the 1983 settlement. So, for next year, Lord Soames is likely to amplify his hint made in a Parliamentary statement last week of possible flexibility over the civil service cash limits for next year.

New bid for British Sugar

BY JOHN EDWARDS, COMMODITIES EDITOR

S. & W. BERISFORD, the commodity trading group, has renewed its takeover bid for the British Sugar Corporation following the reluctant go-ahead for the bid given by the Monopolies Commission report out last month.

Terms offered have been raised substantially since the initial bid in May. But initial reaction in the City yesterday was that the latest offer was too low and would have to be raised substantially to have any chance of being accepted.

Mr. John Beckett, chief executive of British Sugar, which in recent years has used its advantages under the EEC as a beet producer to become the leading UK sugar supplier, called the offer absurd and derisory.

British Sugar shares closed 13p down last night at 302p, after dipping to 289p before rallying on hopes of a better offer emerging. Berisfords shares closed 6p up at 121p.

The new cash bid values British Sugar at £171m. Shareholders are being offered a triple option. For every 100 British Sugar ordinary 50p shares they can either take £285 in cash; the equivalent in loan stock 1986; or 253 new Berisford ordinary 25p shares worth £306 at last night's price.

Berisford said it had now given the undertakings required in the Monopolies Commission report before any take-over would be allowed. The first condition was that it would stop trading in sugar and sugar products produced by Tate and Lyle—British Sugar's main competitor—which means that Berisford would dispose of its sugar merchanting business. The second condition is that it will maintain British Sugar as a separate subsidiary without major changes in its activities or purposes and publish full annual reports and accounts.

Mrs. Sally Oppenheim, Consumer Affairs Minister, later confirmed that satisfactory undertakings had been received from Berisford and therefore the group was free to renew its offer for British Sugar.

A key shareholding of 24 per cent in British Sugar is held by the Government. Berisfords had a meeting with government representatives last week and gained the strong impression that the Government was prepared to sell its holding, provided it considered the price was right and fair to the taxpayer. No offer was made at last week's meeting, but the Government made it clear it would require cash for its shares.

Berisford, which already owns over 9 per cent of British Sugar shares on its own account, said its offer was based on the value of British Sugar earnings over a longer period. Although the corporation was likely to produce bumper profits of over £40m this year, it was vulnerable to weather setbacks. It could be assumed at least two out of ten years would be bad

Citibank in cheque deal with Co-op

By Michael Lafferty, Banking Correspondent

CITIBANK of New York, one of the world's largest banks, is to launch a sterling travellers' cheque in partnership with the Co-operative Bank of the UK. The deal could lead to further co-operation across a broad range of retail banking products, according to Co-op Bank executives.

Citibank said yesterday that its move represented "a major bid" to increase its share of the near £1bn UK travellers' cheque market, which is dominated by sterling cheques.

Under the terms of the deal, the Co-op will only sell Citibank cheques. They will be available from next month through the bank's 68 regional branches, as well as the 38 branches of Co-op Travel. They will also soon become available at many of the 900 Handybanks in major Co-op stores, and at many travel bureaux operated by retail Co-op societies.

The Citibank Co-op deal is one of the first signs that the increasingly tough international travellers' cheques war has reached the UK. It means that Citibank will be competing in the sterling market with a series of UK banks including National Westminster and Lloyds which issue their own sterling cheques and at the same time act as agents for Citibank dollar cheques.

Schmidt wary over arms sales to Saudis

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt is determined not to give up the option of West German arms sales to Saudi Arabia, despite strong opposition both at home and from Israel.

Herr Schmidt, who travels to Riyadh on Monday, is understood to feel that too much may be at stake economically, financially and strategically, for Bonn simply to meet Saudi arms requests with a flat refusal.

Saudi Arabia provides more than a quarter of Germany's oil imports, and German industry feels it could gain Saudi contracts worth DM 30bn (£4.2bn) a year under the current Saudi five-year plan.

Saudi Arabia is already the third largest buyer of German goods outside Europe and the construction industry alone has won more than DM 30bn worth of orders over the last decade.

Indeed, one half of the foreign business of German building companies is carried out in Saudi Arabia, at a time of serious downturn in this sector at home.

The Saudis are also helping to finance the Bonn Government's budget deficit—and the deposits of Saudi institutions in German commercial banks is estimated to be at least DM 20bn.

During his talks with Saudi leaders, Herr Schmidt will try to establish exactly what weapons Riyadh desires, and to what extent there is a direct connection between arms deals and broader co-operation between the two countries.

He will see whether the Saudis insist on having the highly sophisticated German Leopard-2 battle tank. Delivery of this weapon would be deplored by Israel and by influential elements within the Bonn Government coalition parties.

Despite repeated reports that the Saudis want 300 Leopards, it is understood the Government has received no detailed arms list from Riyadh, let alone a formal request.

However, Herr Schmidt favours Saudi Arabia's efforts to build up its forces and preserve its independence. He recognises the Saudis want to buy in Europe partly to counterbalance deliveries and possible excessive influence, from the U.S.

This military "help for self-help" is felt in Bonn to be preferable to the U.S. scheme of a rapid deployment force in the Gulf area—a force the Germans are determined not to join.

Herr Schmidt will point out in Riyadh that West Germany is reviewing its arms export policy, but that even if that policy is ultimately relaxed it will remain more restrictive than that of France, Britain or the U.S.

If the Saudis insist on linking arms with other business Herr Schmidt is felt to have three broad alternatives.

● To promise to press for delivery of arms more demonstrably defensive than tanks, such as the Gepard armoured anti-aircraft vehicle.

● To support delivery of some tanks, but not immediately, and not necessarily the Leopard-2.

● To do what he could to see the Leopard supplied, while underlining the major opposition he faces at home in particular from those who feel that, for historical reasons, the Germans should not be in the arms business.

Abu Dhabi to buy UK Hawks

BY RICHARD EVANS IN ABU DHABI AND LYN TON McLAIN IN LONDON

THE HAWK trainer aircraft, manufactured by British Aerospace, is to be bought by Abu Dhabi for the United Arab Emirates defence force in a £90m deal which could give a fillip to British defence sales in the Gulf region.

The announcement of the decision to buy the Hawk was made yesterday following discussions between Mrs. Margaret Thatcher, the UK Prime Minister, and Abu Dhabi defence chiefs.

The decision by Abu Dhabi to buy 18 Hawks comes only days after a joint Royal Air Force/British Aerospace team returned to Britain after travelling with the RAF's Red Arrows aerobatic display team, now equipped with Hawk aircraft, on a tour of the Middle East which included Abu Dhabi and Dubai.

British Aerospace said yesterday the decision by Abu Dhabi was very encouraging news, although no contract had yet been signed. Dubai is also understood to be interested in buying the Hawk and has a requirement for up to 12 advanced trainer/ground attack aircraft. Firm orders from Abu Dhabi and Dubai could be worth £150m.

Further orders could boost sales in the region to £500m, particularly if the Saudis maintain the interest they showed during Mrs. Thatcher's talks in Riyadh eardlier this week. Talks between British Aerospace and Saudi Arabia are not yet at a very advanced stage, though the Kingdom may eventually buy between 25 and 40 advanced trainers.

However, the U.S. is to sell its F-15 Eagle advanced fighter aircraft to Saudi Arabia and this may lead to a requirement for advanced trainers from the U.S.

A British team led by Sir Ronald Ellis, head of defence sales at the Ministry of Defence, will revisit Abu Dhabi within the next fortnight to finalise the deal, which has taken nine months to develop.

The Hawk, a two-seater trainer with a Rolls-Royce Adour engine, is subsonic but can exceed the sound barrier in a dive, giving it a substantial advantage over its main rival, the Franco-West German Alpha aircraft.

The Hawk is rapidly becoming one of British Aerospace's most successful aircraft. The RAF has 175 on order, with 160 already delivered. Finland has bought 50 Hawks, Indonesia has ordered eight and two un-named African states have ordered 12 Hawks each.

The model of the Hawk which has interested Abu Dhabi and the other Middle East states is the export version, powered by a more powerful version of he Adour jet engine than powers the RAF Hawks. This enables the aircraft to operate in hot conditions and carry 6,800 lbs of weapons in its ground attack role.

Zambia to borrow $1bn from IMF

BY MICHAEL HOLMAN AND FRANCIS GHILES

ZAMBIA has reached preliminary agreement with the International Monetary Fund on a programme to borrow almost $1bn (£457m) over three years. Negotiations have been under way for several months and the programme is expected to be approved by the IMF's executive board later this spring.

The total of 800m Special Drawing Rights (SDRs) for Zambia is the largest loan of its kind ever extended to a black African country by the IMF. In African terms it is the second largest. Morocco having borrowed SDR 810m from the IMF last autumn.

The loan will be under the IMF's extended facility and SDR 120m ($144.4m) will be drawn immediately. Subsequent drawings will be made each quarter, providing some SDR 300m ($361m) in each of the first two years and SDR 200m ($240.7m) in the third and final year.

This is not the first IMF credit to Zambia. A previous SDR 250m ($301m) standby programme ended last year.

Zambia's economy has been severely hit by a combination of low copper and cobalt prices—which account for 95 per cent of export earnings—rising fuel costs, and the effect of applying economic sanctions during the UDI years against Rhodesia (now Zimbabwe) once Zambia's major trading partner.

This February, President Kenneth Kaunda described the economic situation as "very, very serious," and said his government was "in a hurry" to conclude the talks then under way with the IMF.

For the President, an official announcement of the IMF facility will provide a much needed domestic boost. Without heavy assistance the economy will remain severely depressed, with intermittent shortages of essential goods, a run-down industrial and manufacturing sector, stagnant levels of employment and a growing pool of work seekers.

The poor mineral prices have created serious problems for the two state-owned producers, Nchanga Consolidated Copper Mines (NCCM) and Roan Consolidated Mines (RCM), currently running at a loss.

Dr. Kaunda will be able to interpret the programme—almost double earlier estimates—as a measure of international confidence in his administration. But there will be a high price to pay.

The most sensitive issue involves the government's commitment progressively to reduce subsidies. This will lead to increased costs at a time when real living standards have been falling.

Bankers say that the government has reached an "understanding" with the IMF to phase out subsidies on maize, the staple food, over the next three years and to reduce agricultural input subsidies by 50 per cent.

In the case of maize, it means consumer prices will at least double. A 25 kilo bag currently retails at £3.75, but the subsidy is around £4.28 a bag.

Weather

UK TODAY

Sunny intervals and occasional showers which will be wintry in the north and east.

London, S.E. England, E. England
Sunny intervals, very cold. Max. 8C (46F).

Midlands, N. Wales, N.W. England, S.W. Scotland, N. Ireland, Isle of Man
Sunny intervals, occasional showers. Max 10C (50F).

S.W. England, S. Wales, Channel Is.
Cloudy, occasional rain, becoming brighter. Max 9C (48F).

N.E. England, E. Scotland, N.W. Scotland, Orkneys, Shetlands
Some bright intervals, very cold. Max. 6C (43F).

Outlook
Showers, sunny intervals, very cold. Widespread frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	19	66	Locarno	S	16	61
Algiers	C	16	61	London	C	10	50
Amsdm.	F	8	46	L. Ang.†	F	14	57
Athens	S	19	66	Luxmbg.	F	7	45
Bahrain	S	32	90	Luxor	S	42	108
Barclna.	C	13	55	Madrid	C	9	48
Belfast	C	6	43	Majorca	C	15	59
Belgrd.	S	17	63	Malaga	C	14	57
Berlin	C	6	43	Malta	F	19	66
Biarritz	F	12	54	M'chstr.	C	7	45
Bmghm.	C	9	48	Melbne.	F	26	79
Blackpl.	C	5	41	Miami†	F	21	70
Bordx.	S	16	61	Milan	F	16	61
Boulgn.	F	8	46	Montrl.†	F	1	30
Bristol	C	10	50	Moscow	C	2	36
Brussels	F	9	48	Munich	S	8	46
Budpst.	S	14	57	Nairobi	C	24	75
Cairo	S	36	97	Naples	F	20	68
Cardiff	S	11	52	Nwcstl.	C	5	41
Cas'b'ca	C	15	59	N. York†	F	5	41
Cape T.	S	22	72	Nice	S	17	63
Chicg.†	C	11	52	Oporto	S	16	61
Cologne	C	8	46	Oslo	F	6	43
Cpnhgn.	F	4	39	Paris	C	9	48
Corfu	S	22	72	Perth	F	25	77
Denver†	C	7	45	Prague	F	6	43
Dublin	C	9	48	Rykjvk.	Sn	3	37
Dbrvnk.	S	17	63	Rhodes	S	22	72
Ednbgh.	F	7	45	Rome	C	20	68
Faro	C	15	59	Salzbrg.	S	12	54
Florence	F	20	68	S'cisco†	F	11	52
Frankft.	C	9	48	Singapr.	C	26	79
Funchal	C	16	61	Stckhm.	F	−1	30
Geneva	S	13	55	Strasbg.	S	10	50
Gibrltr.	C	12	54	Sydney	S	24	75
Gl'sg'w	C	7	45	Tangier	C	11	52
G'rnsey	S	9	48	Tel Aviv	S	25	77
Helsinki	Sn	−3	27	Tenerife	F	13	55
Innsbrk	S	15	59	Tokyo	S	20	68
Invrnss.	C	5	41	T'r'nto†	C	2	36
I.o.Man	C	6	43	Tunis	S	21	70
Istanbul	S	19	66	Valencia	R	12	54
Jersey	F	11	52	Venice	S	13	55
Jo'burg	S	20	68	Vienna	S	12	54
L. Plms.	C	18	64	Warsaw	C	4	39
Lisbon	F	15	59	Zurich	S	11	52

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
†Noon GMT temperatures.

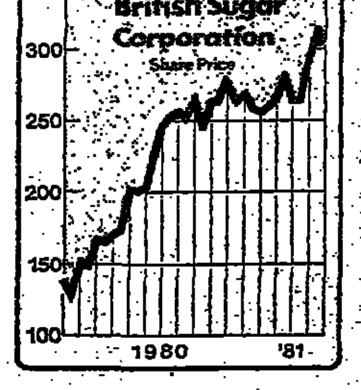
THE LEX COLUMN

Opening tactics by Berisford

In its present inflammable condition the equity market is liable to be set off by the merest spark. The news of an improvement in first-quarter profits which emerged from ICI's annual meeting yesterday, backed by evidence of an upturn in volume in March, at least provided some tangible basis for the market's direction of movement, if not for its rate of progress.

Any improvement in the quarter's profits at ICI, it must be understood, will only be from the rock bottom base of last year's second half. The improvement will have to go a long way further to push earnings back to an acceptable level. But it is a start.

Index rose 18.2 to 584.3



Berisford/BSC

Dealing is S. and W. Berisford's business, and it is launching into its biggest ever deal — the bid for British Sugar Corporation — in a way that allows it to leave its options open. Nobody seriously expects Berisford to win the day with its initial terms of 285p a share in cash or loan stock (or 306p in equity at last night's Berisford share price) unless there is a drastic change in circumstances. But it will be able to take a good look at British Sugar's defensive arguments before committing itself finally to a conclusive price.

Meanwhile it will be able to remind Berisford's shareholders that it might just decide to take a profit on its 5.6m British Sugar shares and disappear. And clearly a key target of its attempt at psychological pressure will be H.M. Government with a 24 per cent stake which is officially available at the right price to a suitable buyer — which the Monopolies Commission, with a few reservations, has declared Berisford to be.

No doubt the Government would prefer to avoid being decisive in the outcome; it could try to wait until Berisford has won an overall 50 per cent by collecting 60 per cent of the non-Berisford, non-HMG shares. But this might mean that Berisford would have to pay more than strictly necessary, so attempts later in the takeover struggle to do a deal with the Government can be expected.

The need to offer the Government cash has meant that all-cash terms are available to everybody, although no doubt Berisford will be hoping that most other shareholders will take shares in order to limit the debt burden (existing group borrowings are at present about £50m).

With British Sugar likely to be in a position to forecast something like £45m pre-tax for the current year, the market has not been expecting that a bid of much less than 350p could win. Yesterday's initial share price adjustments — Berisford up 6p to 121p, British Sugar down 13p to 302p — reflected a slight shift in expectations. But there is a lot of action to come yet.

Rothmans

There are some very bruised shareholders — and speculators —in Rothmans International this morning. The share price, which had more than doubled in recent weeks to 86p on takeover speculation, tumbled from 77p to 58p in the morning when it emerged that talks with R. J. Reynolds were off. It rebounded as high as 74p in the afternoon when the parent group Rembrandt confirmed it had reached a deal with another U.S. tobacco major, Philip Morris, and fell back to close at 69½p — possibly as the terms of the arrangement began to be digested.

Under the deal Philip Morris looks as if it will get just under 30 per cent of the equity (after bond conversion) at a price of about 170p a share. Unspecified trademarks are also thrown in. Presumably it has been prepared to pay this high premium as a defensive measure to block out Reynolds. Rembrandt and its chairman Dr. Rupert, meanwhile, are to obtain $350m, albeit at the cost of losing absolute control in Rothmans International.

But outside shareholders have been left in the cold in precisely the way the low past rating of Rothmans used to reflect. In fact their voting power may actually be diluted by the deal, since the extra votes of the ordinary shares were frozen when held by Rembrandt. In two hands the shareholdings of Rembrandt and Morris may now represent 66 per cent of the votes.

Some benefit to outside shareholders will derive from the ending of South African dominance, and divided policy may be more open. But trading has been poor in the year just completed and cover on a current cost basis will no longer be very exceptional. The big question, of course, concerns Philip Morris's intentions. At this stage the move seems unlikely to herald a full bid—and certainly not at the 170p or so it would have to be under the Takeover Code in the next year. Indeed, this kind of partnership is very much in the Rembrandt style, and it may well prevail for many years.

Delta Group

The re-named Delta Group saw the predictable slump in profits in the second half of 1980. At the pre-tax level it made only £6m, virtually all accounted for by the overseas interests, so that the figure for the year is down from £30.4m to £19.6m, after £3m of redundancy costs in the continuing businesses but before a £9.5m extraordinary charge. The dividend has been cut by 40 per cent.

The worst of the downturn came in building products, where trading profits have fallen by £8½m. UK earnings in general are running at a very low level at present, but Delta is by no means exuding pessimism. Plenty of costs have been taken out of the business (the labour force fell by 4,000 last year) and low-margin, cash-hungry operations have been cut out. Fixed asset spending, meanwhile, has been maintained at roughly the level of the current cost depreciation charge.

Delta has held its borrowings more or less unchanged, thanks to a £22m reduction in net working capital. This year it should receive £12m from the sale of Macdem in South Africa, but it intends to use this money on acquisitions — perhaps in the U.S. — and if working capital absorbs a lot of cash as demand picks up group borrowings could be up to 60 per cent of shareholders' funds. There is clearly some danger of a rights issue in a year or so, but Delta gives the impression that it would like to avoid this. For the moment, the now safe yield of 9½ per cent at 58p looks about right, given the equity market's enthusiasm for recovery stocks.

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